FINANCIAL TIMES

Festive magic

How does Santa do it?

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Man of the Year

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Episode III

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World Business Newspaper http://www.FT.com DECEMBER 24/DECEMBER 25/DECEMBER 26 1996

Peru terrorists appear ready for extended siege

Terrorists holding about 140 hostages in the Japanese ambassador's residence in Lima appeared set for an extended siege. After the release on Sunday of 225 hostages, the leader of the Tupac Amaru Revolutionary Movement terrorists said the "confrontational stance" taken by Peruvian president Alberto Fujimori had blocked the way forward. Freed hostages said the 20 or so terrorists were well armed and well trained. Page 12

Israel and PLO head for Hebron accord: Israel and the Palestinian Authority made significant progress towards an agreement on Israeli redeployment from the West Bank town of Hebron. Israeli prime minister Benjamin Netanyahu (left) met Mahmoud Abbas, a senior official of the Palestine Liberation Organisation, in an attempt to iron out unresolved issues. The PLO said Dennis Ross, the US peace envoy visiting the region, had offered new proposals. Page 4; Lots of room at the inn, Page 10

Moody's downgrades Deutsche Bank: Credit rating agency Moody's Investors Service downgraded Deutsche Bank's long-term credit rating from its highest triple-A rating to Aa1, blaming the fragmentation of the German banking market, international competition and the stress on investment banking. Page 13

LucasVarity loses finance chief: Anglo-US automotive and aerospace components group LucasVarity announced the surprise departure of John Grant, 49, its finance director, less than four months after the £3.2bn ($5.3bn) merger of Lucas Industries and Varity Corporation of the US. Page 18; Lex, Page 12

Bulgaria's Socialist leader reconfirmed: Bulgaria's divided Socialist party prepared to paper over the cracks after three days of bitter debate and reconfirm Zhan Videnov as party leader in order to retain its grip on power. Page 2

Refugees ordered out of Germany: Thousands of refugees from the former Yugoslavia have been told to leave Germany. Those that do not comply face deportation early in the new year. Page 2

Italy allows political funding: The Italian parliament passed a law to allow political parties to claim public funding of up to L160bn ($105m) a year. Page 2

Crédit Agricole speeds changes: French bank Crédit Agricole is to speed the shift of its corporate banking and international capital market activities to Banque Indosuez after Crédit Agricole's decision to take control of the investment bank earlier than planned. Page 13

President's health hits Manila markets: Philippine share prices fell more than 1 per cent after the government met to discuss the health of President Fidel Ramos, who underwent surgery on Sunday to remove an arterial blockage. Page 5

Iran denies Saudi bombing: Iranian president Hashemi Rafsanjani denied charges of Iranian involvement in last June's bombing of a US complex in Dhahran which killed 19 US servicemen. Page 4

Manx powers challenged: Three Danish businessmen won the right to challenge the powers of the Isle of Man attorney-general to seize confidential documents in order to assist the Danish tax authorities. Page 6

Vatican attacks tax fraud hotline: An Italian government hotline to encourage people to inform on tax and social security fraudsters provoked a fierce attack from the Roman Catholic church. Page 12

The Financial Times will not be published on Christmas Day or Boxing Day and the next issue will be on Friday, December 27.

We wish all our readers, advertisers and distributors a Merry Christmas.

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STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	6,488.63	(+4.23)
NASDAQ Composite	1,282.82	(-5.74)
Europe and Far East		
CAC40	2,287.44	(+8.91)
DAX	2,845.57	(-8.88)
FTSE 100	4,087.2	(+9.6)
Nikkei	closed	

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.028%
Long Bond	99⅜
Yield	6.574%

OTHER RATES

UK: 3-mo Interbank	6⅞%	(6⅞%)
UK: 10 yr Gilt	99⅝	(99⅜)
France: 10 yr OAT	106.30	(106.18)
Germany: 10 yr Bund	103.13	(102.93)
Japan: 10 yr JGB	closed	(104.634)

NORTH SEA OIL (Argus)

Brent Dated	$23.505	(24.01)

GOLD

New York: Comex	$370.6	(370.5)
London: close	$368.65	(369.15)

DOLLAR

New York: lunchtime		
£	1.6745	
DM	1.55525	
FFr	5.2466	
SFr	1.3368	
Y	114.105	
London:		
£	1.6735	(1.6667)
DM	1.5536	(1.5539)
FFr	5.2418	(5.247)
SFr	1.336	(1.3354)
Y	113.98	(114.17)
Tokyo:	Y closed	

STERLING

DM	2.5999	(2.5899)

Albania	LEK 275	Gibraltar	£0.75	Lithuania	Lis 10.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR13
Bahrain	Din1.300	Hong Kong	HK$20	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDh18	Slovak Rp	Sk75
Cyprus	C£1.30	Iceland	IKr250	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kč70	India	Rs75	Nigeria	Naira125	Spain	Pta250
Denmark	DKr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr20
Egypt	E£6.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	EKr 25	Japan	Y500	Pakistan	Rs50	Syria	S£80.00
Finland	FM18.00	Jordan	JD1.75	Poland	Zl 6.00	Tunisia	Din2.000
France	FFr12.00	Kuwait	Fils750	Portugal (m'land)	Es265	Turkey	L120,000
Germany	DM4.00	Lebanon	LL3500			UAE	Dh13.00

Russian leader faces economic troubles and questions over his authority

Yeltsin returns to work in Kremlin 'ready for battle'

By Chrystia Freeland in Moscow

Russian president Boris Yeltsin returned to work in the Kremlin yesterday, insisting that seven weeks after a gruelling quintuple heart bypass operation, he was "ready for battle".

But as the 65-year-old leader confronts the mountain of economic problems and political scandals that has piled up in his six-month absence, the big question is whether Mr Yeltsin will seize back the reins of power or remain a puppet ruler.

Looking thinner and more frail than before his November 5 surgery, Mr Yeltsin assured television cameras that the new year would "absolutely" be better for Russians than the closing one.

Bundled up against the sub-zero temperatures and stepping briefly across the snowy Kremlin courtyard, Mr Yeltsin said his priorities would be dealing with the wage arrears that have left millions of workers without salaries for several months, and military reform.

Once in his office, he spoke by telephone to Mr John Major, the UK prime minister. The two men agreed that Mr Major would visit Russia in the new year. The US, German and French leaders have also said they will travel to Russia next year.

Mr Yeltsin is likely to face

Editorial Comment........Page 11

early demands that he clarify the lines of authority in his administration. Critics have alleged that, during his prolonged seclusion, an unelected "regency" led by Mr Anatoly Chubais, Kremlin chief of staff, installed itself at the helm of the nation. Communists, who dominate the parliament, have called for the removal of Mr Chubais, threatening to reject the draft 1997 budget in its crucial third reading later this month if he is not sacked.

Mr Yeltsin could attempt to prove he is back in charge by demonstrating that Mr Chubais still enjoys the support of a well-informed president, or he could relegate his chief of staff to a less powerful role.

Mr Yeltsin's absence has not sapped the vigour of his opponents. Mr Gennady Zyuganov, the communist leader who was defeated in the July presidential poll, welcomed the president back to the Kremlin with the observation that "Yeltsin is in no condition to resolve even a single issue facing Russia today".

Mr Zyuganov claimed the results of weekend elections for governors in 15 Russian regions had ended in victory for the Communist party.

Although six pro-Yeltsin governors were re-elected, and only four leftist candidates won in the polls, the balloting was a disappointment for the Kremlin, which had hoped its overwhelming triumph in the presidential elections would carry over to the regions.

Mr Alexei Lebed, younger brother of Mr Alexander Lebed, the former national security chief, was elected governor of the province of Khakassia in western Siberia, running on an independent ticket. His victory suggests that two months after his brother was ignominiously sacked from the Kremlin team, the family name remains a powerful political trademark in Russia.

That could spell trouble for Mr Yeltsin. One warning came over the weekend, when Mr Alexander Lebed told German television that the president's recovery was in jeopardy, because "he has again started to drink".

Back to work: President Boris Yeltsin said the new year would "absolutely" be better for Russians than the closing one as he returned to the Kremlin after heart bypass surgery Picture: Reuter

HSBC set to take stake in Mexican bank

Deal over 20% of Serfin would cost about $240m

By Leslie Crawford in Mexico City

Hong Kong and Shanghai Banking Corporation, the international financial services group, is close to finalising an agreement to acquire a 20 per cent stake in Grupo Financiero Serfin, Mexico's third largest bank.

Officials close to the two banks said negotiations were "at a very advanced stage", but ruled out an announcement before the end of the year. HSBC in London declined to comment.

Serfin, with Banamex and Bancomer, Mexico's largest and second largest banks, cannot by law be taken over by foreigners.

But if negotiations with HSBC are successful, foreign banks will have taken important stakes in four of Mexico's top five banks since the devaluation of the peso in December 1994 triggered a deep recession and a domestic banking crisis.

Banking analysts believe HSBC will probably pay about $240m for a 20 per cent shareholding in Serfin, based on the financial group's book value of $1.2bn.

"Negotiations are more likely to revolve around the book value of Serfin, rather than the market value, because the bank's share price has been very depressed this year," says Mr Enrique Pani, an analyst at Deutsche Morgan Grenfell in Mexico City. Serfin has a market capitalisation of $481m.

Serfin has assets of 158bn pesos, or 14 per cent of the banking system. It has been looking for a foreign partner since the beginning of the year, when it promised to raise $1.67bn in capital in exchange for being allowed to sell 28.8bn pesos ($3.8bn) of bad loans, or 26 per cent of its total loan portfolio, to the government.

The loan sales cleaned up Serfin's balance sheet, but put pressure on the bank to find a cash-rich foreign partner before March 1997, when the capitalisation programme must be completed. Serfin's controlling shareholders, the Sada family of Monterrey, have said they will not sink any more money into their loss-making bank.

Proceeds from the equity sale will be used to repay a $290m bridge loan extended by J.P. Morgan, the US investment bank. The bridge loan is acting as a temporary prop to Serfin's capital base. ING has also provided a five-year credit facility worth $420m.

Other capital-raising efforts at Serfin have included the sale of its leasing arm for close to $60m. The bank is also planning to sell its insurance business. It would like to place a new equity offering in Mexico City and New York, but is unlikely to do so before negotiations with HSBC are completed.

HSBC has not yet completed due diligence at the troubled Mexican bank. A big part of the audit should begin in January.

Singapore party guaranteed power before poll

By James Kynge in Kuala Lumpur

Singapore's ruling People's Action party, which has been in power in the island state since independence 31 years ago, won an election victory yesterday before the date of the polls had been set.

Mr Goh Chok Tong, the prime minister, said after all candidates were named in a closed-door meeting, that the PAP would be unchallenged in 47 seats. This meant it would have a majority in the 83-member parliament.

Later, officials announced that the election would be held on January 2.

"They [the opposition] have no alternative to the PAP's vision, its programmes and ideas," said Mr Goh, who is to remain as prime minister for another five-year term.

But in the curious world of Singaporean politics, the assurance of a landslide victory does not mean that the fighting is over. Mr Goh's party is expected to campaign hard in an effort to erase the memory of 1991, when the PAP produced its worst electoral showing, losing 4 seats and gaining just 61 per cent of the vote.

There is a convention in Singapore that winning less than 60 per cent of the popular vote may be a sign that the mandate for the city-state's patriarchal style of governance is waning. The result will also be important for Mr Goh, who some observers regarded as a transitional "seat warmer" when he took over from the founder of modern Singapore, Mr Lee Kuan Yew, in 1990.

Intense campaigning may also be necessary to woo a population increasingly concerned with the rising cost of living. Hit by a slump in worldwide demand for elec-

Continued on Page 12

Brussels chiefs in row over sales of air landing slots

By Caroline Southey in Brussels

Mr Neil Kinnock, European Union transport commissioner, has been forced to delay proposals to legalise the buying and selling of airport take-off and landing slots because of opposition from the European Commission's competition branch.

Mr Kinnock was due to unveil plans early next year to regulate the trade in slots, but has been prevented from doing so because of strong objections from Mr Karel Van Miert, competition commissioner. Mr Van Miert believes Mr Kinnock's proposals could distort competition between airlines.

"Mr Van Miert feels very strongly about this. He is in charge of competition and as long as he is not satisfied that all competition aspects have been dealt with he will oppose the proposals," an EU official said.

The two commissioners agree the EU's regime for managing slots needs to be reformed. Airlines at present receive their slots twice yearly free of charge. Many airlines trade these slots on a grey market, often for millions. But they differ radically on how to proceed.

Mr Kinnock proposes to legalise the trade. He argues it would open up competition because the grey market favours dominant airlines. He has offered to introduce safeguards to ensure smaller airlines are protected.

He has also argued banning the trade would not be feasible as airlines "will always find a way round any prohibition".

Mr Van Miert's objection is that legalising the trade would simply serve to consolidate the dominant position of larger airlines. It would lead to a value being placed on slots – larger airlines with many slots would have millions added to their balance sheets overnight.

"This would be like receiving money from heaven since the airlines would not have paid a penny for the slots. They could then use the money to buy additional slots, thereby increasing their dominant position," the official said.

The system "would severely handicap newcomers who

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City reserves its fire after Bonn minister's broadside

London wary of German's tax claims

By Wolfgang Münchau in Frankfurt and Christopher Brown-Humes in London

The City of London yesterday reacted warily to suggestions by a German minister that the UK's tax system gave it an unfair advantage, saying it was waiting for more specific details of his criticisms.

Mr Jürgen Stark, a state secretary in the Bonn finance ministry, has announced that Germany is to launch a campaign against allegedly unfair tax practices giving other financial centres an advantage over Frankfurt. He criticised several countries including Britain, Ireland, the Netherlands and Belgium.

One claim was that bankers in the City of London faced a personal tax burden significantly lower than that of their German counterparts.

Mr David Oliver, tax partner at Arthur Andersen, said: "There are some tax advantages for foreigners working in the UK, particularly in respect of investment income rather than earnings from employment, but I would be interested to know specifically what [the German minister] has in mind."

Mr Stark's comments come at a time when Germany's tax and social security burden is high and rising because of high welfare spending, a weak economy and large transfer payments to eastern Germany.

The decision by several football players and television personalities to take up primary residence in neighbouring Belgium – which offers special tax treatment to non-residents – has outraged many ordinary wage-earners in Germany, who are unable to escape from the highest tax burden in the country's history.

Many Germans also fear that the advent of the single European currency could aggravate the problem.

The country experienced similar outflow problems when it began levying withholding taxes on savings income in the early 1990s. Many savers reacted by transferring their savings accounts to German bank branches in Luxembourg, where no withholding tax applies.

The German government made strenuous efforts to *force a European Union-wide* withholding tax to plug the gap. But this was successfully opposed by Britain and Luxembourg, where there are no withholding taxes on savings accounts for non-residents.

The government is now planning a wide-ranging reform of the income tax system, aimed at improving competitiveness by reducing the top rate of tax from a little over 50 per cent to somewhere between 35 and 40 per cent.

But the country's fiscal position raises questions about the feasibility of substantial reform. Mr Wolfgang Schäuble, leader of the CDU/CSU parliamentary party in the Bundestag, has already warned that cuts in the unpopular "solidarity" tax to fund the reconstruction of eastern Germany could face delays.

Yesterday, Mr Joachim Poss, a finance spokesman for the opposition SPD, accused the government of "voodoo without economics". He said Mr Schäuble's warning about delays in the phasing-out of the solidarity tax "suggests the kind of chaotic controversies we can expect in the forthcoming debate about tax reform".

Concern is growing in Germany over the removal abroad of the highly paid

A Romanian employee is dwarfed yesterday as he passes underneath a huge red bow and ribbon wrapped around the country's government building. Caricaturist Mihai Stanescu said he had wrapped the ribbon around the building as a present to 'humanise the aspect' of the former communist edifice Reuter

Germany gives Yugoslav refugees notice to quit

But many believe that up to half may never leave the country

Thousands of refugees from the former Yugoslavia have received letters ordering them to leave Germany. Those that do not comply face deportation early in the new year.

The prospect of compulsory mass expulsion is not a comfortable one for Germany, but it is tired of bearing the burden of more war refugees than any other country in Europe. This is especially so in a climate of rising unemployment and sporadic racist attacks: at the last count, in September, there were 320,000 refugees from former Yugoslavia in Germany.

Even so, many believe Germany's deportation plans may be little more than tough talking and that a number of politicians are privately resigned to the fact that as many as half of the refugees may never leave the country.

While the federal government stresses voluntary return it is the Länder (states) that have final responsibility both for supporting the refugees and implementing policies to send them home.

In September, interior ministers of the Länder agreed a response to the refugees. They split refugees into two categories. Those in phase one – unmarried people and people without children – have already received letters ordering them to go. Those in phase two will be given a leaving date after May 1.

The number of compulsory deportations this year has been minuscule, and those who have gone have been mainly convicted criminals. Phase one people who have outstayed their welcome have not, so far, been put under pressure to leave. But, after the suggested date of their departure, social security payments are cut to very basic levels.

It is the federal system which could be the downfall of those refugees who want to stay in Germany. The Bonn government is alive to the historical resonance of escorting people on to trains, but some of the poorer Länder are principally concerned with the continuing economic and social pressures of the refugees remaining.

Cash-strapped Berlin has taken a hard line. Mr Hans-Burkhard Richter, a security adviser to the city government, says: "We are trying to convince them to go voluntarily, and if they don't go voluntarily then we have to take measures to use the hard way."

Such measures, he said, would start early in the new year. Mr Richter points out that by taking 36,000 ex-Yugoslavian refugees, the city has helped more people than France and Britain put together, at a cost of DM500m ($320m) per year, which it can ill afford.

According to the schedule agreed by the Länder, most of the refugees should be gone by next autumn. However, as Mr Christian Kayser from Berlin's office of planning and migration, says: "We must be aware that a substantial number will still be here in 1998." He predicts that at next autumn's conference of interior ministers new classifications will be created on grounds of age or trauma to enable some groups to stay indefinitely on humanitarian grounds.

The difficulty of repatriating refugees has forced Germany to look for more imaginative solutions.

Mr Christian Schwarz-Schilling, an international arbitrator in Bosnia and a former German government minister, emphasises the need to provide practical assistance on the ground to avoid sending people back into a vacuum, from which they might again flee.

"Evidence shows that refugees who return are starting to organise themselves in certain areas. This could prove a useful working base for any German policy of repatriation," he says.

This response has been echoed by some of the Länder. The Berlin Senate has earmarked DM500,000 to help renovate and modernise a window frame factory in Tuzla, pending an investigation. The project would go ahead if it could be proved that refugees living in Berlin would be willing to take up jobs there.

Lucy Smy and Frederick Stüdemann

Italian parties set to receive public funding

By Robert Graham in Rome

The Italian parliament has rushed through before the Christmas break a law permitting public funding of political parties to the tune of L160bn ($105m) a year.

The new law, which received support from across the political spectrum, appears to overturn a 1993 referendum abolishing public funding of parties then backed by 90 per cent of the referendum votes.

Although parliamentary lawyers claim to have carefully studied the legal implications of the new law, Mr Marco Panella, the radical leader behind the 1993 referendum, said he would challenge parliament's move.

Under the legislation, individuals will be able to contribute 0.4 per cent of their income tax due to a central political party fund. Donations collected in this way cannot exceed L110bn in one year, and an additional L50bn can be raised via corporate contributions. The total amount will be distributed to the parties on a basis proportional to their electoral presence.

The large number of parties, coupled with their bloated bureaucracies and insatiable appetite for funds, encouraged illicit funding on a huge scale. This only began to be unmasked when the corruption scandals broke in 1992. The powerful reaction against such practices was evident in the 1993 referendum.

But since then the political parties have been obliged to live from hand-to-mouth, running up large debts in the case of the Popular party formed from former Christian Democrats. It was therefore not surprising that only 13 deputies in the 630 chamber decided to oppose the bill when hurriedly presented in the pre-Christmas rush of legislation.

The sole change produced in the debate was the elimination of a clause which sought to depenalise illicit funding of parties, which would have undermined a significant portion of the current corruption investigations and trials. But the mere fact this proposal was initially incorporated in the bill underlined the degree of support such a measure enjoys in parliament.

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R F J

EUROPEAN NEWS DIGEST

Videnov set to get job back

Bulgaria's divided Socialist party last night prepared to paper over the cracks and reconfirm Mr Zhan Videnov as party leader in order to retain its grip on power. After three days of bitter debate, more than half the ruling party's parliamentary deputies signed a petition backing Mr Videnov, whose unexpected resignation at the start of the party congress on Saturday wrong-footed his opponents.

Delegates seemed unable to agree on a replacement for Mr Videnov who is likely to be reconfirmed as prime minister at a special session of parliament next Saturday. Ironically, the economic failures for which he is blamed provided the strongest grounds for his re-election. He is still seen as the Socialist leader most able to push through painful economic reforms next year.

Mr Videnov's opponents failed to come up with an economic policy alternative to rapid privatisation and the introduction of an IMF-supported currency board regime which would peg the Bulgarian lev to the D-Mark or the US dollar. After a banking crisis, Bulgaria has only $520m of reserves but must pay $167m interest on its Brady bonds in January and find $1.3bn to service its overall $10bn foreign debt next year.

Anthony Robinson, London and Theodor Troev, Sofia

Lisbon tackles rail losses

Portugal's Socialist government yesterday unveiled a Es600bn ($3.8bn) restructuring plan aimed at staunching heavy losses by the state railway within three years. Mr João Cravinho, planning minister, said Caminhos de Ferro Portugueses (CP) would be replaced in February with two companies, one to operate infrastructure, the other to run trains. An independent watchdog is to be set up to oversee competition, prices and investment costs. Investment in new lines and equipment is to be met by the state and European Union grants.

Management concessions will be granted to private sector groups to operate some suburban and regional lines. Build, operate and transfer contracts for light suburban railways are also to be put out to tender in several areas. Rail unions, which have held several one-day strikes in opposition to the plan, which they fear will cost jobs, have called off a stoppage planned for today to discuss the restructuring with a new management team appointed last week. Mr Cravinho said CP, which reported a Es59.8bn loss in 1995, was losing about a billion escudos a week.

Peter Wise, Lisbon

■ France said yesterday it would go ahead with a new high-speed rail link between Paris and Strasbourg, in spite of doubts about financial viability. Construction on the first 270km will start in 1998, and land for the whole 406km will be bought.

Reuter, Paris

Bonn tax plans alarm church

German government plans for lower taxes as part of a thorough-going reform of the income tax system from 1999 have triggered alarm among the nation's church leaders.

Bishop Karl Lehmann, chairman of the association of Catholic bishops, yesterday warned that the changes could have "drastic consequences" for the churches. If church revenues fell by 10-20 per cent as a result, they would have to cut some of the social services they provide in Germany, he said in an interview with the Frankfurter Allgemeine Sonntagszeitung. Bishop Lehmann said he was in touch with the Protestant church about the government's plans.

Germany's Catholic and Protestant churches are among the richest in Europe because registered church-goers pay church tax of 8-9 per cent of their income tax liability depending on which Land (state) they live in. In 1993, the two churches' income totalled DM17bn ($11bn). The government has promised income tax cuts totalling DM30bn a year from its reform.

Peter Norman, Bonn

Beef meals withdrawn

A French company has withdrawn a range of precooked meals containing British beef because of fears they could contain meat from cattle infected with mad cow disease (BSE). The meals, produced by Panzani-William Saurin, a Danone subsidiary, were produced before an embargo was imposed on British beef in the spring amid fears that humans could contract a fatal brain disorder through eating BSE-tainted meat products.

Checks by French inspectors "showed that some precooked meals prepared before the embargo were still being sold while containing British meat", the food ministry said in a statement. The quantities were very small and did not include "matter considered infectious by the World Health Organisation".

AFP, Paris

Moldova rebel re-elected

Mr Igor Smirnov, leader of Moldova's rebel Trans Dnestr region since 1991, was re-elected for another five years, with 71.9 per cent of the vote, in a local election on Sunday, the head of the regional electoral commission said. Turnout was 57.3 percent of the 428,000 electorate.

Neither Mr Smirnov, a 55-year-old Soviet-era industrial boss, nor his rival Mr Vladimir Malakhov offered any softening of the mainly Russian- and Ukrainian-speaking region's secessionist stance toward the rest of Moldova. Both called for the continued presence of 6,000 Russian troops, who have policed a ceasefire since a civil war in 1992 between Trans Dnestr rebels and Moldovan forces.

The region broke away from the rest of Moldova in 1991 on fears its people could lose out if the central government moved closer to Romania. No country recognises Trans Dnestr's independence. . Mr Petru Lucinschi, the new Moldovan president, elected three weeks ago, is pledged to grant Trans Dnestr autonomy in return for peace.

Reuter, Chisinau

Brussels takes Spain to court

The European Commission is to take Spain to the European Court for allegedly obstructing free trade rules regarding the setting up of private security companies. Under a Spanish law of July, 1992, companies providing services such as security guards, private detectives and transport of valuables, must be Spanish and so must their staff. Brussels has told Spain this breaks EU rules but Madrid has refused to change its law.

Three other countries have also drawn the Commission's censure. Germany has also been told its regulations allowing only German companies to use Polish subcontractors in the building industry break the EU principle of cross-border freedom to provide services. Belgium has been informed that rules requiring international non-profit associations to have Belgian associates are discriminatory. And Italy has been told that curbs on the organisation of trade fairs and exhibitions breach Union rules on the right of establishment.

Reuter, Brussels

■ Wages increased by an average 4.6 per cent in Spain in the third quarter from a year earlier, and were unchanged from the second, according to the National Statistics Institute. It said average monthly wages in construction rose 4.8 per cent in the second quarter from a year earlier, while in industry they rose 5.3 per cent. The average monthly wages in the service sector rose 3.5 per cent in the second quarter from a year earlier.

■ Finland's gross domestic product grew 3.8 per cent in the third quarter from a year earlier and was up 2.1 per cent from the second quarter, the central statistical office said. In the first half, GDP growth was 1.4 per cent year-on-year.

هكذا من الاصل

French institutions give currency to the euro

By David Buchan in Paris

Preparing for Emu

Mr Jean-Pierre Gaillard has a particular dilemma about the arrival of the euro in 1999. His is the voice of the Paris Bourse, giving 25 updates on the stock market prices and performance updates each day on France-Info, the country's main all-news radio station.

"Obviously, I can't give all prices in both euros and francs. I think at the start in 1999 I'll just give percentage changes in the prices, without saying what the prices are.

"My listeners who own shares will know what their value is in euros or francs. But when I do any detailed commentary, I'll probably have to quote two parities like the newspapers."

La Tribune, the business daily, has started quoting the Bourse's monthly cash market prices in Ecus – which will be exchanged one-for-one for euros in 1999 – as well as in francs. This is well in advance of autumn 1998 when Mr Jean-Francois Théodore, Bourse president, expects most newspapers to switch to dual quotation.

Many French shareholders already seem prepared for the change – an opinion poll this year found 45 per cent backing for the Bourse's decision to join the money, bond and foreign exchange markets in Paris trading in euros from January 4, 1999.

While the French as a nation may still be divided about merits and consequences of monetary union, the country's authorities and markets have shown a single-minded determination in their preparations.

Mr Jean Arthuis, finance minister, chairs the 60-strong "national committee for the euro", bringing together MPs, employers, unions and consumers. In each of France's 95 departments, there are similar bodies, chaired by local representatives of central government (*préfets*) and of the finance ministry (*trésoriers généraux*).

The Bank of France started even earlier. At the start of 1995, it created a euro working group with the Paris market authorities, bankers and credit institutions.

This spawned a pilot committee, chaired by Mr Jean-Pierre Patat, head of the Bank of France's international department and Mr Pierre Simon of Compagnie Bancaire and president of the French Association of Credit Institutions.

Under this are four subgroups studying legal implications of the switch from Ecu to euro, changes in central bank relations with commercial banks, and the consequences for money, forex and stock markets.

Mr Patat expects creation of a unified monetary policy to have a relatively minor technical impact on French banks. They now must deposit with the Bank of France the equivalent of one per cent of their outstanding credit. This ratio may be raised, because the planned European System of Central Banks is expected to make more use of reserve requirements than many national central banks at present.

Another French concern is over refinancing. French banks use a lot of private paper – essentially bank credit to French companies with an established credit rating – as collateral for obtaining money with the Bank of France. After 1999 the banks will want to draw on paper circulating elsewhere in the euro-zone to back their loans from the Bank of France, which will probably want this foreign commercial paper to be guaranteed by other central banks.

The Bank of France insists credit creation in the planned Target system of payment settlement within the euro-zone should be confined to banks within the euro-zone, citing monetary policy arguments. These do not really worry the Paris banks and financial markets, but they are privately delighted this may restrict competition from London.

"Any technical problem like this facing British banks will suit us," says one member of the Matif futures and derivatives market, which hopes to strengthen its position in 1999 against Liffe in London. In the new competitive game opened by the arrival of the euro, "every detail will count", he adds.

Some of the motives behind the French capital markets' planned Big Bang switch to the euro in 1999 are technical. One is to avoid distortions, favouring one market over another, for instance, bonds over shares. Another is to avoid credit institutions having to make all sorts of internal conversions, according to different types of assets or liabilities. But the main aim is to turn past investments in technology into competitive gains.

Paris has been trading bonds and shares electronically for a decade without any exchange of paper. A body called Sicovam acts as depository for shares and bonds and keeps track of them electronically in a system which links companies that issue shares and bonds, and banks and stockbrokers who buy and sell them. Last year it cleared and settled trades worth over FFr100,000bn ($19,000bn)

Under the growing pressure of business and the desire from central banks to have immediate guarantees for loans, Sicovam's Relit system – which settles accounts daily – is to be replaced next summer by Relit à Grande Vitesse, which will provide real-time, irrevocable and unconditional settlement throughout the business day.

Moving to the euro will require changes to computer software. But an instantaneous switch is technically possible in Paris's "de-materialised", all-electronic system, while it is almost impossible in other European markets, where paper still plays a part and where there would always be bond and share certificates to be ripped up and re-issued.

Paris hopes to reap a premium for being the first big marketplace to adopt the euro. The Bourse's Mr Théodore reckons non-European investors will want to put sizeable amounts of money in the euro-zone almost at the moment of its creation.

Mr Gérard Pfauwadel, president of the Matif, also believes in the importance of timing. He cites the example of London, which was quick to invent a number of D-Mark denominated bonds and products and to create business which Frankfurt has still failed to win back.

France's banks and stockbrokers still plan to issue bank and trading statements in francs for their clients, who until 2002 will still have francs jingling in their pockets and will use francs in shops and in dealings with tax and social security authorities.

The Leclerc retail chain has already started to prepare its customers for the future; it priced all goods in its supermarkets in euros as well as francs for two weeks this autumn.

The tax authorities have said they are prepared to take tax payments in euros before 2002 – when the euro replaces its member national currencies – and even perhaps tax declarations.

"Accepting declarations in euros would mean accepting accounts in euros," says a finance ministry official. "Big companies want to be able to choose to make declarations in euros or francs, but small companies are afraid of being forced into euro-accounting before they are ready."

Emu: who's going to make it

J P Morgan Calculator 22/12/96

	Yesterday	1 week ago	4 weeks ago
Germany	100%	100%	100%
France	100%	100%	100%
Belgium	100%	100%	100%
Spain	[illegible]	84%	[illegible]
Sweden	77%	[illegible]	81%
Italy	68%	[illegible]	[illegible]
Denmark	45%	48%	[illegible]
UK	[illegible]	[illegible]	[illegible]

The Emu calculator provides a weekly snapshot of the probabilities which the financial markets place on selected countries being willing and able to join Germany in forming a single European currency in 1999. Currency strategists at investment bank J.P. Morgan calculate the probabilities from the interest rate swaps market, in which investors swap floating rate interest payments on an investment for fixed-rate ones. Countries are selected if they have a liquid swaps market which allows comparable probabilities to be calculated. Finland, Ireland and Portugal will be added to the Emu calculator in the coming weeks.

Over the past week some of the "stability pact" euphoria has unwound for those countries which gained most from the agreement, Spain and Italy. Countries are still divided into definite ins (100%), Emu hopefuls (65%-80%) and opt-outs (40%-60%).

Polish telecom monopoly set to stay until sell-off starts

By Christopher Bobinski in Warsaw

The Polish government is set on ensuring that Telekomunikacja Polska, the national telecoms operator, keeps its lucrative monopoly on intercity and international calls until after a start is made on privatising the company in 1998, Mr Andrzej Zielinski, telecoms minister, said yesterday.

"Privatisation first, then liberalisation," Mr Zielinski declared.

He said his ministry's strategy for the sale of TP – which made net profits of 870m zlotys ($300m) last year – would be discussed by the government next month.

The statement came as Poland's two new fast growing GSM system mobile phone operators are becoming increasingly frustrated at their failure to strike a deal with TP on charges for calls between their subscribers and TP's system.

The operators, Era GSM and GSM Plus, have garnered over 60,000 subscribers since coming on line two months ago.

The GSM operators – whose shareholders include Deutsche Telekom, USWest and Air Touch of California – currently have to route calls through TP's network. Both operators have appealed to Mr Zielinski to broker an agreement with TP on the charges.

The dispute between the independent operators and TP also threatens to cast a cloud over next year's planned tender for a new DCS 1800 mobile operators' licence – a high frequency system suited to densely populated urban areas. The fact that the successful bidder will have to negotiate an interconnect agreement with TP could narrow the field of applicants and lower the price of the licence.

However, Mr Zielinski insists the intercity monopoly will be maintained until after 1999, while TP will hold the sole right to connect international calls until after 2003.

In the meantime, his ministry appears to favour the sale of a 15 per cent to 20 per cent stake in TP through a public offer mainly on stock exchanges abroad as well as through the Warsaw bourse. This could be followed by an offer to a strategic investor, Mr Zielinski says.

Other options thrown up by pre-privatisation studies are the sale of a big stake in TP to a foreign strategic investor or linking a public offer with a firm commitment to bring in a strategic investor.

The management at TP apparently favours solutions which would leave as large a stake as possible in Polish hands but Mr Zielinski's ministry is arguing for the lion's share of the offer to be placed abroad to maximise revenues from the sale.

Poland has 6.6m landlines – 17 for every 100 people. This is expected to grow to 30 per 100 by 2000, by which time the government estimates there will be between 1.5m and 2m mobile telephone users.

■ The Polish treasury ministry reaffirmed yesterday that preparations for the privatisation of copper combine KGHM Polska Miedz were on schedule and its partial sell-off would take place in June, 1997, Reuter reports from Warsaw.

"The date of the sale has not changed. It is still June," the ministry told a news briefing. "The KGHM sale is our number one project, which will decide Poland's credibility and help meet budget revenue targets next year," he said.

He added that the sale of KGHM, Europe's largest copper producer, could generate half of the revenue from privatisation next year, set at nearly 3.5bn zlotys ($1.2bn).

KGHM had a net profit of 481.9m zlotys last year against 351.1m zlotys in 1994.

INTERNATIONAL NEWS DIGEST

US consumer spending rises

US consumer spending rose strongly last month, continuing the rebound from a period of sluggish consumer demand in the summer, the Commerce Department reported yesterday.

Seasonally adjusted spending increased by 0.5 per cent in November from a month earlier, following a 0.7 per cent gain in October.

Total personal income from all sources, including salaries, rents and interest earnings, increased by 0.5 per cent in November, having been flat in October. The savings rate was unchanged from October, at 5 per cent of personal income.

The figures suggest consumption growth in the final quarter of the year will prove to have been robust, following the slowdown in the third quarter. But they do not indicate as yet the long-feared surge in consumer spending that could bring inflationary pressures in its wake. *Gerard Baker, Washington*

Hutu rebels call ceasefire

Burundi's main Hutu rebel group yesterday announced a unilateral ceasefire but said it would hit back if the army made any moves.

The National Council for the Defence of Democracy (CNDD) and its armed wing announced the 11-day ceasefire in a Christmas and new year's message. The CNDD also accused the army of massacring tens of thousands of civilians in 1996, including refugees forced to return to Burundi last month from eastern Zaire.

More than 150,000 people, most of them civilians, have been killed in massacres and civil war between the army and Hutu rebels since the assassination of Burundi's first Hutu president in 1993. *Foreign Staff, London*

Ecuador tax reform hitch

Ecuador's president Abdala Bucaram has withdrawn a tax reform package from Congress in the face of a threatened opposition veto. Congressmen objected to measures including higher taxes on alcohol and cigarettes which they said would encourage smuggling. There were also objections to value added tax exemptions on medicine.

Without the reforms, a budget deficit of $1.2bn or 6 per cent of GDP is expected for 1997. A balanced budget is a prerequisite for successful implementation of the proposed currency convertibility plan, currently scheduled for introduction on July 1 1997. Under the programme the Sucre, Ecuador's currency, will be pegged to the US dollar at a fixed exchange rate, and foreign exchange reserves must at least match Sucres in circulation.

The government needs to get its tax proposals passed before the end of 1996 for them to take effect in 1997.

If the reforms are not passed, the governemtn has warned that alternative austerity measures such as increases in public service tariffs and removal of subsidies will be necessary. *Justine Newsome, Quito*

Israel-Turkey customs pact

Israel and Turkey yesterday signed a customs co-operation agreement laying the groundwork for a free trade zone the two countries plan to establish by 2000. The accord gives customs authorities on both sides the power to ensure trade and customs regulations are honoured.

Israel and Turkey now have trade worth about $200m, annually, divided roughly between them. The agreement is the latest of a series the two countries have signed in preparation for the zone. *Agencies, Jerusalem*

Saudi ammonia plant agreed

Saudi Basic Industries (Sabic), Saudi Arabia's state-owned petrochemical concern, yesterday signed a letter of intent for Tecnimont of Italy to build ammonia and urea plants in the kingdom.

The ammonia plant will produce up to 500,000 tonnes a year, and the urea plant will have capacity of 600,000 tonnes. The plant will be funded by Sabic's Saudi Arabian Fertiliser unit, along with the Saudi Industrial Development Fund and a group of commercial banks. The plants are expected to take 28 months to build and are forecast to be on stream by the end of 1999. *AP-DJ, Dubai*

Progress made on Hebron deal

By Avi Machlis in Jerusalem

Israel and the Palestinian Authority yesterday made significant progress towards an agreement on Israeli redeployment from the West Bank town of Hebron. Officials from both sides were cautiously optimistic about the prospects of a deal soon.

Mr Benjamin Netanyahu, Israel's prime minister, met Mr Mahmoud Abbas (Abu Mazen), a senior official of the Palestine Liberation Organisation, in an attempt to iron out unresolved issues.

Mr Abbas said progress had been made, but an agreement had not yet been reached. Mr Nabil Abu-Irdeinah, spokesman for Mr Arafat, said Mr Dennis Ross, the US peace envoy visiting the region, had offered new proposals.

Israeli soldiers run from stones in Hebron yesterday *Reuter*

Mr Moshe Fogel, an Israeli government spokesman said: "At this point it is clear to everyone that we are at the final stages of an agreement. But an agreement has not been finalised yet and we are still waiting to see how things go."

Since the talks began over three months ago, Israel and Palestinian negotiating teams appeared close to agreement on numerous occasions. However, yesterday's top-level meeting was the most potent sign yet that they were close to breaking the deadlock that has plagued the negotiations over the Israeli redeployment.

Mr Ross, who arrived at the weekend to push forward the stalled talks, said an agreement was "more feasible now". After returning from Cairo, Mr Ross met Mr Netanyahu in Jerusalem to discuss progress in the talks.

A number of issues have prevented the talks from being finalised in recent weeks. Israel has demanded the right to "hot pursuit" into areas about to be handed over to Palestinian control, in order to provide security for the 400 Jewish settlers who live among about 120,000 Palestinians in Hebron.

Other Israeli demands include wider buffer zones between the Palestinian areas and Israeli settlement compounds in Hebron, and limiting Palestinian police in certain sectors from carrying automatic weapons.

Palestinians have not accepted these demands, saying the Israelis were trying to re-open interim accords signed between the PLO and the Israel's previous Labour-led government. "It seems the Israelis are now willing to accept that we go back to the old agreement, which means no hot pursuit," said Mr Abu-Irdeinah.

In addition, Palestinians have demanded Israel's government commit itself to further implementation of the interim peace accords, after a Hebron accord is signed. "It seems the Israelis are now willing to commit themselves to final status negotiations," said Mr Abu-Irdeinah.

Lots of room at the inn, Page 10

Reluctance to loosen monetary reins despite easing of inflation

Israeli bank trims key rate

By Avi Machlis

The Bank of Israel said yesterday it would lower the discount rate by 0.5 of a percentage point to 14.7 per cent as of January.

But the central bank said it would not loosen the monetary brakes any further despite declining inflation. The goal now, it said, was to reach the government's 1997 inflationary target of between 7 and 10 per cent.

"The inflationary environment and the level of inflationary expectation are still close to the upper area of this target," the bank said. As a result "extreme caution" must be maintained on interest rate policy.

In the first 11 months of 1996, the consumer price index rose 9.4 per cent, compared with the government's inflationary target of 8-10 per cent for the year. But in the last five months inflation was only 2.5 per cent compared with 6.9 per cent in the first half of the year.

The business community said that declining inflation warranted a sharper rate cut. Analysts, however, said incremental reduction of the interest rate was preferable.

The discount rate is the key lending rate which the Bank of Israel charges commercial banks.

The central bank and the business community still await approval of the 1997 budget by the Israeli parliament, the Knesset.

The budget was presented in its new framework to the Knesset yesterday and must be approved by the end of the year.

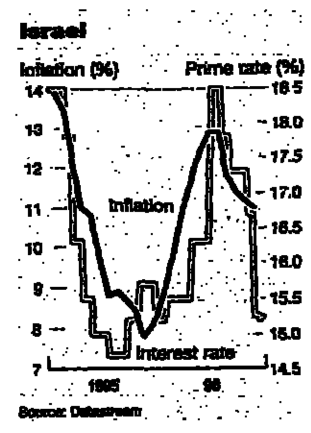
It aims to reduce Israel's budget deficit to 2.8 per cent of gross domestic product in 1997. The deficit is expected to reach between 4 and 4.5 per cent of GDP in 1996.

Earlier this week, Mr Benjamin Netanyahu, the prime minister, faced serious objections to his plan to trim over Shk6bn ($1.8bn) from 1997 expenditure.

Stiff opposition from some of his coalition partners, who feared the cuts would hurt disadvantaged sectors, forced him to abandon some planned welfare spending cuts and to retreat from his promises of no new taxes.

The new budgetary framework includes an expenditure cut of about Shk5bn and increased income of about Shk2bn.

New excise taxes on cigarettes and petrol were added. Investment grants were reduced from 34 per cent to 24 per cent, instead of the planned cut to 20 per cent.



Cubans keep wraps on Christmas

Celebrating Christmas in post-cold war Cuba has all the feel of engaging in a semi-clandestine activity. Christmas trees are tucked away, half concealed behind the windows of private homes or inside the state tourist hotels and commercial centres catering for foreigners.

Although Cuban Christians can celebrate in private, Christmas is not recognised as a national holiday by Cuba's communist rulers. It cannot compete with political holidays such as January 1, Revolution Day, or July 26, National Rebellion Day, that glorify the earthly exploits of Fidel Castro.

Cuba stopped officially celebrating Christmas more than two decades ago because the authorities decreed that the holidays disrupted the annual sugar harvest, the traditional mainstay of the island's oil-importing, sugar-exporting economy.

There is no sign that Christmas is about to be formally reinstated this year, despite a visible warming in relations between the communist government and Cuba's Catholic Church, the largest organised religious congregation.

The absence of public celebrations is striking because many older Cubans recall that before the 1959 Cuban revolution a strong Christmas tradition existed on the formerly Spanish-ruled island. This was expressed both in the Anglo-Saxon tradition of Christmas and the Hispanic observance of the *Día de los Reyes* (Epiphany) on January 6.

Last month's historic meeting between President Castro and Pope John Paul, followed by an announcement that the Pope would visit Cuba next year, had raised hopes among Cuban Christians of more public space for religious feast days.

So many were surprised and disappointed when Cuba's National Assembly, the island's legislative body, chose this Christmas Eve and Christmas Day on which to hold their sole two annual working sessions for 1996.

Cuban officials vehemently denied suggestions that the timing of the assembly was deliberately intended to underscore Cuba's constitutional identity as a one-party, lay, socialist state. "We had to fix a date and these are working days... You can't please everyone," a Cuban foreign ministry official said.

Today's National Assembly meeting will approve the 1997 budget and economic plan and pass Cuban legislation to counter the US Helms-Burton law, which tightens a longstanding US economic embargo on Cuba by seeking to curb foreign investment on the island.

Cuba's Catholic bishops have not commented on the curious timing of the assembly. But in a carefully worded Christmas message, the Archbishop of Havana, Cardinal Jaime Ortega, underlined the spiritual importance of Christmas.

It is true that official tolerance of religion has increased and church-state relations have improved greatly since the hostility of the early days of the revolution, when Catholic Church leaders were branded as "counter-revolutionaries".

But while the government does not prohibit the private celebration of Christmas, it certainly does not encourage it either.

Those Cubans who do celebrate Christmas will do so quietly, in the privacy of their homes. Despite modest improvements in the recession-hit economy, few have the cash to spend on expensive presents or lavish meals.

Many will choose to save their money for the new year celebration, traditionally marked by a family meal of pork, rice and black beans washed down with beer or rum.

Despite the lack of official encouragement, the state shops have done brisk business in the sale of Christmas decorations. Almost all of these seem to be made in China, a socialist ally of Cuba better known for its commercial zeal than its Christmas tradition.

Pascal Fletcher

Tehran denies Saudi bombing

By Roula Khalaf, Middle East Correspondent

Mr Hashemi Rafsanjani, Iran's president, yesterday denied charges of Iranian involvement in last June's bombing of a US complex in Dhahran which killed 19 US servicemen.

His remarks to the Saudi daily Asharq al-Awsat came in response to reports leaked to the US press pointing the finger at Iran.

The Saudi investigation into the blast has reached its final stage. But confounding assumptions that hardline Saudi Sunni Islamists would be found responsible, Saudi investigators are leaning towards a conclusion implicating a group largely made up of Saudi Shias, the other main strand in Islam and a minority in the kingdom.

According to US officials, however, Saudi Arabia has only circumstantial evidence linking Shia Iran to the Saudi group. Some of the Saudi Shias are said to have fled to Iran and some were allegedly trained in Lebanon by the pro-Iranian Hizbollah party.

In the interview, Mr Rafsanjani said Tehran had looked for the Saudis said to be in Iran but failed to find them, and that one of them had been found dead in a prison in Syria.

Given the lack of due process in Saudi Arabia and the sometimes dubious means of obtaining confessions, the results of the Saudi investigation are likely to be met with a degree of scepticism. Much to its regret, the FBI has had no access to the evidence, according to US officials. Nor have FBI officials seen a videotape of the confessions of Shia detainees, as suggested in some US press reports.

If Saudi Shias are blamed for the bombing, it would suggest Saudi Arabia now faces dissent on two fronts. At the same time, however, as the kingdom's ultra-conservative Sunni doctrine is fiercely opposed to Shiism, it would be a convenient way to rally support and deflect attention away from the militant Sunni opposition.

The Saudi government was forced to admit earlier this year that a hardline Sunni faction decided to resort to violence by attacking the US-staffed Saudi National Guards headquarters in Riyadh in November 1995. Four men were beheaded for the attack.

The execution exacerbated resentment among Sunni hardliners in the kingdom, and some are believed to have vowed revenge. Sunni dissidents in London say hundreds of their supporters were arrested in the months following the Dhahran blast and that six detainees even confessed to having attacked the US housing complex.

But while the Sunnis appear willing to take blame for the the Dhahran attack, the Shias, hundreds of whom have also been arrested, have been denying the charges.

Saudi Shias make up about 15 per cent of the Saudi population. Concentrated in the eastern province, they have long been discriminated against. A 1993 agreement led to the release of prisoners and granted some rights to the minority. According to some Shia experts, however, some hardline Shias have grown disillusioned with the accord. Since Shias started to be rounded up after the Dhahran blast, public dissent has resurfaced.

While more palatable domestically, blaming Shias – which to many Saudi Sunnis will suggest an Iranian role – creates a foreign policy dilemma for the kingdom, which has recently tried to patch up ties with Iran. The Saudis are also said to be assigning a role in the affair to Syria, which dominates Lebanon and allows Hizbollah to operate there. But involving Syria and Hizbollah could appear to play into the hands of Israel at a time of growing need for Arab solidarity to face Israeli intransigence.

"If the bombers turn out to be Sunni, it would show considerable militant opposition, if they are Shias, the Saudis have the dilemma of what to do about it," says a western expert on Saudi Arabia. "Do they tell the US and work on the assumption that the US will strike at Iran, which can cause all sorts of problems? They also run the danger of no one believing them."

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

	UNITED STATES					JAPAN					GERMANY				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	7.1	100.0	91.3	100.0	100.0	2.6	100.0	76.3	100.0	100.0	7.1	100.0	89.7
1986	105.5	100.9	6.9	98.4	95.5	106.5	99.7	2.8	94.3	83.2	103.3	102.2	6.4	136.9	89.4
1987	108.5	106.0	6.1	104.2	96.7	113.8	103.1	2.8	108.3	91.0	107.4	102.6	6.2	149.5	89.9
1988	113.0	110.7	5.4	104.9	100.3	122.6	113.1	2.5	135.9	96.5	110.6	106.3	6.2	165.1	95.6
1989	115.5	112.4	5.2	97.9	99.3	132.6	119.7	2.2	147.0	98.4	114.2	111.4	5.6	219.5	97.7
1990	116.2	112.4	5.5	82.7	95.4	141.6	124.5	2.1	149.8	95.2	123.4	117.2	4.8	261.9	98.3
1991	113.3	110.4	6.8	61.7	100.4	144.5	126.8	2.1	144.2	92.1	130.7	117.9	4.2	297.9	95.1
1992	117.0	114.2	7.4	61.8	105.2	139.8	119.0	2.1	124.2	90.7	127.8	116.3	7.7	287.9	89.1
1993	122.2	118.2	6.8	67.7	110.6	131.7	113.6	2.5	106.6	96.0	122.3	109.1	8.9	229.0	95.0
1994	129.6	125.1	6.0	79.0	112.7	129.5	114.5	2.9	102.2	103.8	120.4	113.9	9.6	241.2	103.5
1995	133.8	129.3	5.5	79.3	113.1	128.5	118.5	3.1	106.5	106.3	121.6	115.7	9.4	268.1	100.7
4th qtr.1995	1.9	1.6	5.5	79.7	113.1	0.5	1.7	3.3	109.9	106.3	−0.3	−2.8	9.7	261.3	100.7
1st qtr.1996	4.0	1.3	5.6	78.1	115.1	5.8	1.1	3.3	110.7	108.4	−1.0	−4.1	10.3	272.1	100.3
2nd qtr.1996	4.2	3.3	5.4	76.3	117.2	3.2	0.6	3.5	116.8	109.1	−0.8	−1.8	10.3	282.2	100.8
3rd qtr.1996	3.4	3.6	5.2	76.3	118.3	1.4	3.9	3.3	122.4	109.7	0.4	0.1	10.3	271.0	103.7
December 1995	2.5	1.1	5.6	82.5	113.1	0.6	1.7	3.3	111.2	108.3	−1.6	−4.2	9.9	256.3	100.7
January 1996	2.0	0.6	5.7	79.6	113.9	6.1	3.0	3.4	110.1	108.1	−1.2	−1.1	10.1	264.6	100.7
February	5.3	2.0	5.5	79.5	114.2	5.6	3.2	3.3	114.6	108.3	−2.0	−7.5	10.3	268.8	100.4
March	4.7	1.4	5.6	78.1	115.1	5.8	−2.9	3.1	107.4	108.4	0.2	−3.5	10.4	283.0	100.3
April	4.7	2.6	5.4	76.2	115.4	2.8	0.2	3.4	117.7	108.7	0.6	−2.2	10.2	283.0	100.4
May	4.6	3.3	5.5	74.2	116.1	2.3	2.7	3.6	122.2	108.8	−2.0	−2.7	10.3	281.3	100.8
June	3.2	4.1	5.2	78.7	117.2	4.4	−1.1	3.5	110.3	109.1	−1.1	−0.6	10.3	282.1	100.8
July	3.7	4.0	5.4	76.7	117.5	−1.7	6.0	3.4	129.2	109.3	1.7	−0.8	10.3	273.8	101.6
August	3.1	3.4	5.1	74.7	118.0	2.1	1.8	3.3	117.2	109.2	−1.5	1.3	10.3	268.7	102.8
September	3.6	3.5	5.1	77.3	118.3	3.6	3.8	3.3	120.6	109.7	1.1	−0.3	10.4	270.4	103.7
October		3.6	5.1	75.3	118.9	4.3	6.5	3.4	133.4	110.2	−0.8	−0.2	10.6	268.7	105.8
November		4.4												266.7	

	FRANCE					ITALY				UNITED KINGDOM				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1985	100.0	100.0	10.3	100.0	90.1	100.0	100.0	9.6	88.4	100.0	100.0	11.2	100.0	90.3
1986	102.4	101.1	10.4	107.0	95.7	106.8	104.1	10.4	94.5	105.3	102.5	11.2	116.1	92.8
1987	104.5	103.1	10.5	117.2	95.6	112.1	106.8	10.9	96.2	110.8	106.5	10.3	141.1	96.5
1988	107.9	107.3	10.0	135.3	101.0	107.9	114.2	10.9	100.6	117.8	111.6	8.6	144.0	96.1
1989	109.5	111.3	9.4	180.6	100.7	116.9	118.7	10.9	98.7	120.1	114.0	7.2	124.3	94.6
1990	110.4	112.8	8.9	163.2	94.4	114.4	118.0	10.3	95.4	121.1	113.7	6.9	97.7	92.6
1991	110.3	111.4	9.4	128.2	95.4	110.9	116.9	9.8	97.6	119.4	109.5	8.8	68.6	95.2
1992	110.5	110.0	10.4	109.5	93.4	116.9	115.4	9.8	94.7	120.4	109.4	10.1	69.6	97.7
1993	110.7	105.8	11.7	90.0	96.6	114.1	113.0	10.2	101.5	123.9	111.8	10.4	76.5	104.6
1994	110.7	110.0	12.2	104.1	101.0	107.4	119.9	11.1	103.5	128.5	117.4	9.5	93.9	106.9
1995	110.5	111.8	11.6		96.0	102.1	127.4	12.1	102.0	129.9	120.4	8.7	107.7	105.0
4th qtr.1995	−2.5	−2.0	11.6		96.0	−7.6	4.3	11.9	102.0	1.1	1.8	8.6	110.9	105.0
1st qtr.1996	0.7	−0.8	12.1		97.7		−0.2	12.1	100.6	2.1	1.2	8.3	112.5	106.7
2nd qtr.1996	−1.0	−0.3	12.4		97.9		−1.7	12.2	101.1	2.8	1.1	8.3	121.1	107.7
3rd qtr.1996	−2.3	1.1	12.5		100.4		−4.9	12.0	103.2	3.4	0.7		140.5	109.1
December 1995	−4.0	−2.3	11.6		96.0	−10.1	5.3	n.a.	102.0	1.7	2.2	8.5	109.8	105.0
January 1996	0.2	−1.1	11.9		96.4		0.1	n.a.	101.8	2.2	1.4	8.3	110.8	105.6
February	2.9	−0.2	12.1		96.9		−0.8	n.a.	101.0	2.1	1.0	8.4	111.2	106.3
March	−1.0	−1.0	12.3		97.7		0.0	n.a.	100.6	2.2	1.1	8.3	115.4	106.7
April	0.2	0.0	12.3		97.6		−3.8	n.a.	100.5	2.3	0.8	8.4	115.2	106.7
May	−2.3	0.0	12.4		97.6		−1.9	n.a.	100.6	2.4	1.6	8.3	119.9	107.1
June	−0.8	−1.0	12.4		97.9		0.8	n.a.	101.1	3.5	1.0	8.3	128.0	107.7
July	−2.1	1.2	12.4		98.9		−2.9	n.a.	101.7	2.3	1.2	8.2	134.6	108.1
August	1.9	1.2	12.5		99.4		−8.8	n.a.	102.5	4.3	0.3	8.1	138.6	108.7
September	−6.7	0.8	12.6		100.4		−2.9	n.a.	103.2	3.7	0.5		148.3	109.1
October	4.4	1.4	12.6		101.4		−2.9	n.a.	104.6	4.3	1.3		153.6	109.7
November					101.5			n.a.		3.9			157.7	

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which usually precede cyclical fluctuations in general economic activity.

Kazakh television threatened

By Sander Thoenes in Almaty

Kazakhstan is set to lose most of its independent radio and television broadcasting stations when some of the highest licence fees in the world take effect next year.

An association of independent broadcasters has appealed against the conditions on a series of open tenders for their frequencies to be held early next year.

Under the system, television stations will have to pay one-time non-refundable fees of up to $114,286 in addition to $11,429 a year.

In large metropolitan areas such as Chicago in the US, television stations pay $32,000; in Russia, stations pay as little as $750 for five years.

The Kazakh bidding documents state that stations can lose their frequency at any time if a better bid is submitted, complicating long-term advertising and programme contracts.

"They are hitting us below the belt," said Ms Roziana Tankina, president of Totem, which broadcasts some of the hardest hitting television and radio news programmes in Kazakhstan. "They want to destroy all independent broadcasters."

The auction coincides with plans for a nationwide network called Independent Television, proposed by Ms Dariga Nazarbayeva, daughter of the Kazakh president.

Ms Nazarbayeva now runs the state television company, the only other national broadcaster.

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Suharto asks the poor to shame rich

By Manuela Saragosa and agencies in Jakarta

Indonesia's poor were yesterday urged by their president to heap shame on the rich in an effort to make them more generous.

Those businesses and individuals who did not obey his decree to donate 2 per cent of their profits to charity should be publicly identified, he said. "Just mark their houses... with flags, or whatever. That would make them ashamed," the president said.

Mr Suharto decreed earlier this month that companies and individuals with more than Rp100m ($42,000) in annual net income "must" hand over 2 per cent to a foundation he heads. A similar decree last year said only that they "can help" the poor.

The president said he had been disappointed by the initial response to the programme with only half the 11,000 individuals and businesses called on to donate in fact handing over money.

"There's no need to lash out or be upset. Just mark their houses," Mr Suharto was quoted as saying by the English-language daily The Jakarta Post.

Mr Suharto said business-people who failed to give their 2 per cent to the fund would be "morally chastised" because helping the poor is required by Indonesia's national ideology.

Although Mr Suharto said he did not want violence, his comment about marking the homes of non-contributors recalled the mid-1960s, when soldiers and rightwing mobs massacred thousands of left-wingers whose houses were marked by flags or painted symbols.

The wide income gap between rich and poor in Indonesia has become an increasingly contentious political issue and is believed to have been one of the factors which sparked anti-government rioting earlier this year.

The former general's government has vowed to eradicate poverty within 25 years in Indonesia, which was one of the world's poorest countries when he took power in 1966. Mr Suharto is credited with reducing the number of Indonesians living in absolute poverty from 60 per cent of the population in 1970 to less than 15 per cent of its 190m people today.

The foundation, the Autonomous Prosperity Fund, was set up by Mr Suharto earlier this year. Members on the foundation's board include the president's second son, Mr Bambang Trihatmodjo, and Mr Anthony Salim, part of the Salim family, which is one of Indonesia's wealthiest families.

Some Indonesians have expressed concern about how the funds raised will be managed. In addition, for companies it remains unclear whether the new tax is to be treated as a donation, an appropriation of funds or an effective increase in the tax rate only months after the corporate tax rate was cut to 30 per cent from 35 per cent. Foreign companies and individuals resident in Indonesia are also required to donate.

"This is an additional tax for rich people," said analyst Christianto Wibisono, director of the Indonesian Business Data Centre, adding that it was "a political charity".

"I support the decree," said B.R.A. Mooryati Soedibyo, an executive at an Indonesian cosmetics company, "but I'm a little afraid that it will not be useful if the receivers do not have specific plans in mind and throw the money around for nothing."

President Suharto has said management of the foundation's funds will be transparent and accountable to the public but under Indonesian law audits for this kind of foundation are not required.

Manila markets hit by Ramos illness

By Justin Marozzi in Manila

Philippine share prices fell more than 1 per cent yesterday after the government convened a special cabinet meeting to discuss the health of President Fidel Ramos. The president underwent surgery on Sunday to remove an arterial blockage.

In a nervous trading session, stocks initially shed more than 2 per cent before recovering to close down 1.25 per cent after government officials held a press conference reassuring the public that the president's operation was successful.

The 68-year-old president is a workaholic with a punishing official routine of up to 18 hours a day. He was first admitted to hospital on December 14 for what doctors said "appeared to be a viral infection". Tests revealed cholesterol deposits and a "significant" block in the right carotid artery. In a 75-minute operation yesterday the blockage was removed.

"The president has fully recovered from the effects of anaesthesia," Dr Raul Fores, the hospital's medical director, said last night. "He is fully awake, conscious and all the vital signs are within normal limits."

Vice-president Joseph Estrada appealed for "unity and calmness among our people". Mr Ruben Torres, executive secretary, said there was "no issue of succession whatsoever. As long as the president is formally conscious and able to work normally, there is no need to transfer power."

Details disclosed in the press conference apparently contradicted an earlier announcement that President Ramos was undergoing tests "to determine whether he needs heart surgery".

"I'm not quaking in my shoes but if he isn't out by Christmas or the New Year we could have a real problem," said one foreign banker.

Mr Alexander Pomento, director of research at ING Barings, said the market's reaction was "short-term" and "human nature".

The president's hospitalisation may have most effect on debate about constitutional change. "This will be a blow for those who want to alter the constitution to allow Ramos a second term because for the first time everyone has been given a reminder of his mortality," said a western diplomat.

See World Stock Markets, Page 30

Carmencita Reodica, Philippine health secretary, talks to reporters about President Ramos's health

Tourism respite for Burma regime

Ted Bardacke reports on the military's drive to attract the spending of foreign visitors

Four French tourists arrive at Sule Pagoda in downtown Rangoon only to find the steel gates leading up to the famed monument locked shut. They circle the golden spire searching for an explanation.

Half-way around they find it.

Six military transport trucks, laden with armed soldiers, hot and bored in the blistering midday sun, stand waiting to disperse student protesters, for whom the pagoda is a site of impromptu demonstrations.

The students, finding it difficult to organise as their universities have been closed, don't show up and the tourists are unfazed by the soldiers.

"I didn't see them shoot anybody and they aren't going to shoot me," says Dominique from Lyons, referring to the troops. "They don't really spoil the view either."

The message is clear. Burma's military junta has been able to quell student protests without casualties to either demonstrators or the regime's much-heralded "Visit Myanmar Year 1996".

Mainly because of a bloated defence budget and perks for army officers, the general's coffers are nearly empty of foreign currency and an all-out push to attract foreign visitors is providing them with some breathing space. Tourism revenue has increased 10-fold over the past four years and at more than $200m a year is the country's second largest legal source of foreign exchange.

Spurred by travellers, mostly from Japan and France, the number of arrivals has increased by 50 per cent each year for the past four. The government is on track to reach its goal of 250,000 visitors during Visit Myanmar Year, which began in November.

"It's clearly the best year the country has ever had," says Mr Werner Senft, general manager of Diethelm Travel in Rangoon, who says recent unrest has not yet caused many tourists to cancel.

The success is relative. The goal should be reached only because the original target of 500,000 tourists was halved early in the year. And most of the publicity about Visit Myanmar Year has been inside the country rather than outside, leading to a rash of overbuilding, which has destroyed some of the colonial splendor of downtown areas and forced a round of price cutting that has lowered the overall amount of revenue per tourist.

"If the demonstrations grew the [cancellations] would become a problem," says Col Khin Maung Latt, formerly a pilot in Burma's air force and now director general of the ministry of hotels and tourism. "But so far we've been lucky."

Others haven't been. The United Nations, among others, has accused the regime of systematically employing forced labour and relocating entire villages in preparation for Visit Myanmar Year. The documented cases run from the horrific – the entire village of Pagan was moved and thousands of prisoners forced to clean the Mandalay moat – to the dictatorial pettiness of poor villagers being ordered to spend their last bit of cash to put a fresh coat of paint on their homes.

"Everyone in the main tourist areas has a story about being forced to do something. They don't like it but they need the money," says Mr Richard Strauss, an American traveller, concluding a two-week journey through Burma.

"I'd read about the military government but I've been waiting to come here for a long time and wanted to see for myself. If I'd known how bad things were I might have thought twice about coming," he says. The regime says it is sensitive to such criticism and is working to improve its practices.

"We don't use prisoners nowadays very much. And when we do [use prisoners] they like it because they can stay outside, see their relatives and in some cases reduce their sentences," says Col Khin Maung Latt. "For them working is much better than being in jail."

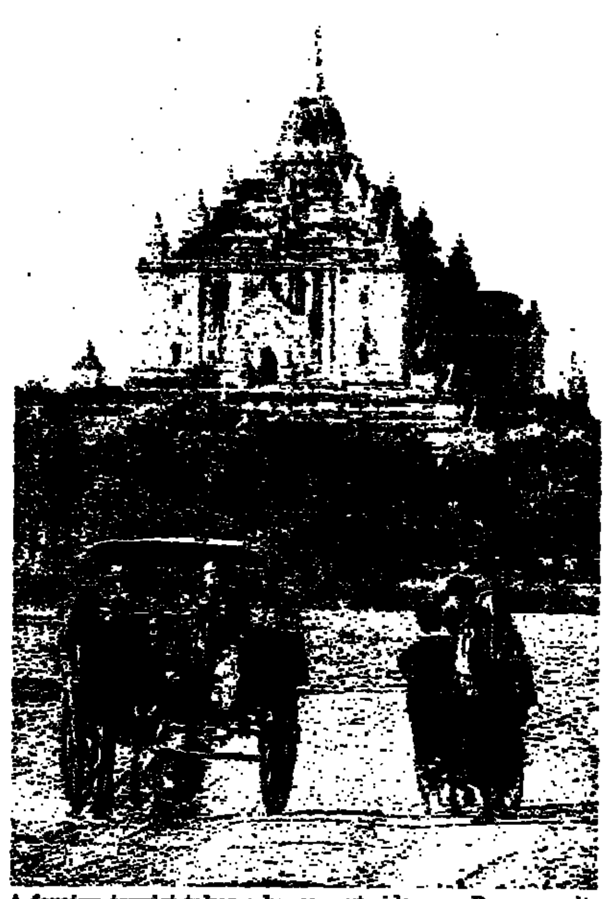
The claim that the presence of tourists is helping change the ways of the regime and providing income to local people is often used by the promoters of Burmese tourism to counter charges that tourism revenues are helping prop up an authoritarian government.

Yet the authorities themselves say foreign exchange, not change, is the main motivation for opening up to tourists and after three decades of isolation they are still wary about outside influences.

Ironically, the ease with which tourist visas are now obtained makes it easier for journalists and human rights groups to visit the country and publicise its wrongdoings.

This ambivalence of the authorities is felt immediately upon arrival at Rangoon's newly refurbished international airport. Numerous billboards welcoming visitors to "Myanmar: The Golden Land" and extolling the virtues of Visit Myanmar Year are mixed with other gigantic red and white signs announcing the "People's Desire".

"Oppose those relying on external elements, acting as stooges, holding negative views. Crush all internal and external destructive elements as the common enemy," reads the regime's message.



A foreign tourist takes a horse cart ride near Pagan, a site north of Rangoon famed for its pagodas and temples Reuter

Chun and Roh sentence appeal

South Korea's "trial of the century" headed to the Supreme Court yesterday after prosecutors challenged sentences against Mr Chun Doo Hwan and Mr Roh Tae-woo, both former presidents, as too lenient, Reuter reports from Seoul. The two decided they would not seek to overturn verdicts imposed by an appeals court on charges of mutiny, treason and corruption.

The appeals court last Monday commuted Mr Chun's death sentence to life in jail and slashed Mr Roh's prison term to 17 years from 22½ years.

"We won't appeal. President Roh doesn't want to cause any more worries to the public over this incident," said Mr Roh's lawyer, Mr Han Young-suk. Mr Chun's lawyer, Mr Lee Yang-woo, said: "President Chun doesn't want to disgrace the country with the troubles of history when it faces difficulties at home and abroad. It won't help the country's interests to continue the trial."

But prosecutors said they would pursue the disgraced former heads of state to the highest appeals court in the country along with 13 others, including former presidential aides, ex-generals and businessmen.

"Even though Chun and Roh decided not to appeal, we have no reason to follow their decision," Mr Kim Sang-hee, senior prosecutor, said.

"We began the trial with clear demands for punishment and have not wavered from start to finish," Mr Kim said. Prosecutors have all along sought death for Mr Chun and life in jail for Mr Roh.

The convictions of Mr Chun and Mr Roh relate to a 1979 coup, an army massacre that crushed democratic resistance in 1980 in the city of Kwangju and illegal slush funds they amassed worth hundreds of millions of dollars.

Mining industry upset at lack of clear ruling

Australian court boosts land rights campaign

By Bethan Hutton in Sydney

Aboriginal land right campaigners claimed victory yesterday after the High Court in Canberra ruled that pastoral leases do not necessarily extinguish native title to traditional lands.

The mining industry and farming organisations, which had been hoping for a clear ruling that pastoral leases invariably extinguished native title, said the decision was the worst possible one, leaving the issue open to be debated case by case through the courts.

The decision relates to an appeal by the Wik and Thayorre peoples of the Cape York peninsula in far north Queensland, after their claim under the Native Title Act for 35,000 square kilometres was rejected because of the existence of pastoral and mining leases on the land.

By a four to three majority, the High Court ruled that pastoral leases and native title could co-exist under some circumstances. However, the court found that where the two were incompatible, pastoral leaseholders' rights would have priority. The impact of the judgment will vary across Australia because leases take many different forms.

The ruling comes three years after the introduction of the Native Title Act, which established procedures for aboriginal groups to lay claim to their traditional lands, or be compensated for them. The act appeared to assume that native title was extinguished by most pastoral leases, but did not write that assumption into law.

Yesterday's ruling will increase backbench and farming lobby pressure on the prime minister, Mr John Howard, to introduce legislation ensuring that pastoral leases extinguish native title. Mr Howard said in May that he would not do so, and the issue was not addressed directly in a package of proposed reforms to the Native Title Act, released in October.

The Wik and Thayorre peoples will now have to take their case back to the federal court, which will decide on their rights in this specific case. Comalco, the mining company, which has bauxite mines in the disputed area, said that the full implications of the judgment were not yet clear, but it confirmed the validity of its bauxite leases. Comalco shares rose on the judgment.

Isle of Man ruling sees first overturning of chief law officer's immunity from judicial review

Danes challenge island attorney-general

By Robert Rice, Legal Correspondent

Three Danish businessmen have won the right to challenge the powers of the Isle of Man attorney-general in an attempt to seize confidential documents belonging to them in order to assist the Danish tax authorities.

The island, between England and Ireland, has its own assembly and law-making powers although Queen Elizabeth is head of state.

The ruling, by the island's High Court last Friday, is the first time the attorney-general's immunity from judicial review has been successfully challenged.

The three businessmen are seeking a judicial review of a refusal by Mr John Kerruish, the attorney-general, to revoke an order made in July 1994 allowing island police to seize, on behalf of the Danish authorities, confidential documents relating to their companies in the Isle of Man.

The Danish tax authorities have been accused of misleading the Isle of Man government in order to gain access to these confidential company files.

Mr Frank Fredrikson, Mr Henrik Vinten and Mr Jens Lassen claim the Danish police misled the island attorney into signing the search and seizure order on the basis that they were involved in a multi-million pound fraud against their creditors.

According to their lawyer, Mr John Conti, it subsequently transpired that the Danish police were acting on behalf of the Danish tax authorities in an attempt to recover tax by means of a criminal investigation.

The three men, who say they had taken part in a legitimate tax avoidance scheme involving the liquidation of Danish companies, dispute liability for tax.

They argued that had the attorney-general known the true purpose of the Danish authorities' request, he would not have signed the order. Similar requests were rejected by the Swiss and UK authorities.

The men also want the attorney-general to demand the return of the documents from the Danish authorities and an undertaking that no information obtained as a result of the seizure will be used against them. Mr Kerruish argued that the court had no power of judicial review over the exercise of his discretion in respect of decisions taken in his official capacity.

Granting the three men the right to seek a limited judicial review, the High Court said there was no absolute bar to it reviewing administrative or executive decisions of the Isle of Man attorney-general.

The attorney-general said immediately he would appeal. Mr Conti said his clients, who are still under investigation in Denmark, but have not yet been charged, would also consider appealing because of the limited nature of the review granted by the court.

UK NEWS DIGEST

Cracks found in US warheads

The UK defence ministry may seek compensation from the Pentagon after finding dangerous cracks in the warheads of some Sidewinder air-to-air missiles. The missiles have been withdrawn from service on the Royal Navy aircraft carrier Invincible. The Sidewinder is used by forces of several countries including the US Air Force.

Routine examination of some of Invincible's warheads showed cracks in a batch of weapons made by Raytheon in the US between 1979 and 1981. These cracks could have led to premature detonation of the missile's warhead under the extreme conditions of launch, potentially threatening the safety of pilots. *Bernard Gray*

■ AIRLINE TRAFFIC

Two control centres recommended

The Civil Aviation Authority has recommended to the government that the UK have two advanced air traffic control centres so that each can provide cover for the other in case of failure. The recommendation means that a new £200m ($334m) air traffic control centre will be built at Prestwick in Scotland in spite of the CAA's previous reluctance to fund the project through the government's Private Finance Initiative. The initiative aims to encourage the private sector to fund capital projects previously financed by the government. The Prestwick centre will complement a publicly-funded £350m centre at Swanwick, in southern England, which is due to open at the end of next year. *Michael Skapinker*

■ INFORMATION TECHNOLOGY

Siemens in local government deal

Coventry City Council in the English Midlands is to transfer its information technology activities to a joint venture with Siemens Business Services. The deal, valued at more than £20m ($33.4), is Siemens' biggest venture in UK local government. Siemens' national public sector clients already include the Home Office Immigration and Nationality Directorate and the Welsh Office. *Alan Pike*

■ AIR AND RAIL TRAVEL

Strike threat in holiday period

Customs officers at London's Gatwick airport are to strike for 24 hours today, their trade unions said yesterday. More than 80 officers oppose the introduction of new working practices and their strike has been timed to coincide with one of the year's busiest periods. Union officials have been negotiating with management over rostering changes at the airport for 11 months. The Customs and Excise Department said the strike might cause disruption but anti-smuggling efforts would not be interrupted. "Local Customs managers will take necessary steps to ensure the normal operations of the airport and the free flow of passengers," it said.

● Train services in Scotland may be disrupted on December 31 by a 24-hour strike threatened by the Rail, Maritime and Transport union, the largest trade union for rail workers. The dispute is about disciplinary procedures against workers who took part in previous industrial action. ScotRail, the operator of Scottish trains, said it intended to run a "robust" service on December 31, but advised passengers to check its services before travelling.

Liffe chooses City instead of Canary Wharf

By Alan Pike, Business Services Correspondent

The Corporation of London, the municipal authority for the City, yesterday scored an important victory in its battle to retain trading activities. It won a commitment from the London International Financial Futures and Options Exchange (Liffe) to stay in the City. The corporation said the move "reinforces the City's position as Europe's premier financial centre".

Liffe's choice of site at Spitalfields, on the north-eastern corner of the City, follows a tense struggle between the corporation and Canary Wharf, in the Docklands district to the east of the City, to house the exchange's new trading floor.

The importance that the corporation attached to winning is demonstrated by an unusual undertaking it has given to reacquire the Spitalfields site should Liffe decide not to proceed with the new building at any time before December 31, 2001. This gives Liffe valuable scope for second thoughts should market conditions, or a change in the balance between floor and screen-based trading, lead it to review its current expansion plans and accommodation requirements.

Mr Philip Willoughby, chairman of the corporation's land committee, said yesterday that he would recommend acceptance of the Liffe deal by the Court of Common Council, the term used for a full meeting of the corporation. "The City needs Liffe and Liffe needs the City," he said.

The location of Liffe's new trading floor is one of the most important decisions of the year in the competition between the City and Canary Wharf. A decision this year by Citibank, the US commercial bank, in favour of Canary Wharf was a blow to the City.

Liffe has agreed to enter into exclusive negotiations with Spitalfields Developments – a consortium of BICC, Costain and SPP, the Swedish financial institution – for the acquisition of the site and its development.

Spitalfields is a former fruit and vegetable market. Construction of a building for ABN Amro, the Dutch bank, is in progress.

Sinn Féin chief calls for 'a sense of Christmas' amid Belfast tension

Adams appeals to NI gunmen

By Liam Halligan and Jimmy Burns

Mr Gerry Adams, president of Sinn Féin, yesterday appealed to members of all paramilitary groups in Northern Ireland to show restraint. Sinn Féin is the political wing of the Irish Republican Army.

"I want to see all the armed groups showing restraint, and I want to see right across all sections of our people a sense of Christmas," he said. "Also I want to appeal to politicians right across the political spectrum to fill the vacuum that has been created and which has been left wide open for the last while."

Mr Adams was one of several figures on both sides of the political divide in Northern Ireland who tried yesterday to defuse tension after a weekend in which the region seemed to edge dangerously close to a resumption of all-out violence.

On Friday night a policeman was shot by the IRA in a hospital in Belfast, the Northern Ireland capital, as he guarded a senior anti-nationalist politician. On Sunday, a leading republican activist in the city escaped death when his car was bombed.

Although nobody has admitted responsibility for that attack, it is thought to be the first tit-for-tat attack by anti-republican "loyalists" since the Combined Loyalist Military Command declared a ceasefire in the wake of the IRA ceasefire in August 1994.

Sir Patrick Mayhew, chief minister for Northern Ireland in the British government, yesterday urged loyalist paramilitaries not to return to "tit-for-tat" violence. "I beg them not to go back to the kind of thing which they were doing in the past," he said.

The Clinton administration is thought to have given its private blessing to renewed contacts between Sinn Féin and a small group of Irish-American lobbyists who have previously helped broker an IRA ceasefire.

● The Ulster Unionist party, the biggest pro-British party in Northern Ireland, yesterday announced a political alliance with Sir James Goldsmith in the European Parliament, but ruled out any prospect of co-operation in the House of Commons.

Mr Jim Nicholson, the sole Ulster Unionist in the European Parliament, is to join Europe of the Nations, a cross-party political grouping of MEPs under the leadership of Sir James, who represents a French district in the parliament.

Sir James, a billionaire businessman, founded the Referendum party last year to campaign for a referendum on Britain's future in the European Union. Senior Ulster Unionists said Mr Nicholson's move would not affect their party's independence in the House of Commons, where the Conservative government depends on the nine MPs to maintain a working majority.

PA News

Sir Patrick Mayhew, chief minister for Northern Ireland in the British government, meeting soldiers of the Royal Anglian Regiment at their base in Belfast yesterday

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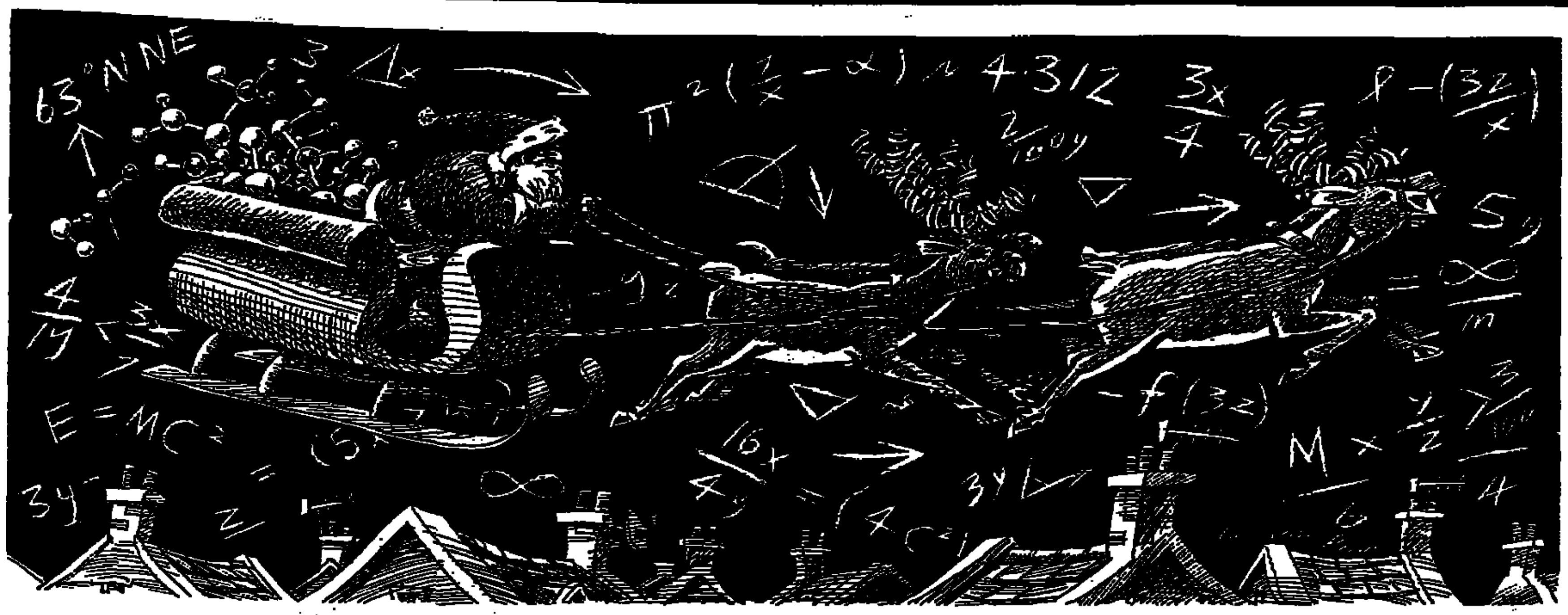


Tom Mead explains how Father Christmas gets around the world in one night

Santa's bells and whistles

At a loss to explain plausibly the mysteries of miraculous Christmas logistics to your questioning kids? Parental omniscience no longer up to explaining Santa's abilities to the sceptical inner physicist gazing up at you from behind the trusting eyes of your child?

Pour the eggnog and fear not, for I'll explain how Santa manufactures all those presents, and delivers them all over the world, to the right children and places – in one night.

First, how can Santa travel to all the millions of houses, apartments, huts, tents, igloos and yurts in so short a time? The answer is rotational acceleration and time dilation.

Today, Christmas Eve, the conditions are right for a confluence of earth's magnetic fields, the Van Allen radiation belt and earth's centre of rotation to produce a sympathetic harmonic vibration among the three. *The result is a rapidly* spinning, doughnut-shaped region of energy around the Arctic.

By repeatedly tapping into this source of energy, and by assuming some of its rotational spin for acceleration and a crack-the-whip centrifugal effect, Santa and his sleigh can approach the speed of light and take advantage of time dilation as predicted by Einstein. By doing this Santa Claus can take all the time he needs, and it seems, to all the rest of us, to be an instant; a mere flicker of time.

So how does he know where each child is, what they want, and whether they have been good or bad? Simple. Each child's voice is uniquely modulated energy in the form of sound, and this energy travels out in individual, identifiable waveforms which can be received by a strategically placed multipoint, uniphase antennae system.

The antennae system's transceiver transmits a signal which is received and sorted by the network of satellites comprising the Global Positioning System. Thus, each child's wishes are identified, recorded and databased.

Their most recent spoken word waveform reveals a precise geographical point that is uniquely associated with that child until he or she utters another word at another place, when the database is updated.

Sophisticated analogue-to-digital signal-processing technology is used throughout the year to collect data through the grid on a day-to-day, goodness/badness quality control matrix and run it through a "But he did it"/"I'm sorry, I'll try harder" balance algorithm.

This system also explains how a child can live all year at home, *but Santa still knows that they* are going to Grandma's for Christmas, and so can deliver the requested items to that location.

But "deliver" may be a less precise word than "build" or "grow". For even with advances in sleigh design, spurred by the latest developments in metal-ceramic-composite materials, delivery of the sheer square footage and tonnage of presents could not be accomplished with a sleigh built through any known terrestrial technologies.

Thus are self-organising nanoparticles and nanotechnology called upon to perform the tiny miracles of which they are capable. Actual sleigh payload is several tons of silicon chip-based micromachines configured as microfactories.

> *Researchers have produced a reindeer weight-to-volume proportion which gives the North Pole herd a slight positive buoyancy*

Each microfactory, so tiny it can rest on the head of a pin, is loaded with definition and execution code such that when *activated, it can build, molecule* by individual molecule collected from ice crystals, cookie crumbs and carbon-based soot particles, the toys and articles encoded for delivery at that GPS-defined geographic point.

But how do the reindeer fly? Genetic predisposition augmented by selective breeding has been guided and exploited over hundreds of generations to develop a small herd of reindeer that have extremely porous antlers, hooves, and most particularly and importantly, bones.

This structural morphology, a distinguishing characteristic of birds, has recently been augmented by gene splicing and bioengineering. Researchers have used these technologies to produce a reindeer weight-to-volume proportion which gives this herd a slight positive buoyancy and a disconcerting propensity to drift on wind currents.

It is for this reason that photographs almost always show them somehow tethered or weighted, either harnessed to a sleigh, weighted with harness gear, or with at least a heavy bell slung round their necks.

And that's how Santa uses cutting-edge technology to solve the world's most difficult *manufacturing and distribution* problem. So when your children ask you how Santa does it, you now have all the answers.

The writer tips his elf hat in acknowledgment of Larry Silberberg and his merry band at North Carolina State University for inspiring this article.

Viewpoint · **Charles Rossotti**

A spread of knowledge

A year ago many business people had not heard of intranets. Today 70 per cent of US-based companies are either using an intranet or plan to build one, according to a recent survey.

Are intranets just another way to spend money on the latest technology fad, or is there a solid case for the phenomenal interest in these corporate versions of the internet? The answer depends on how the technology is used to improve the sharing of information.

Intranets use client/server and network technology created to connect people worldwide on the Internet. This World Wide Web technology provides easy-to-learn, almost universal access to multimedia information in a company. Building on networks that many companies have in place, intranets add the familiarity of the Web browser so employees can access documents, presentations, graphics and even video whenever they need it.

But increased access to information is valuable only if it makes people more effective and productive. The key to achieving the most value for the least cost with this new technology is to improve the way "knowledge workers" – salespeople, engineers, budget analysts and consultants – share information when and where it is needed in modern, far-flung organisations.

Knowledge workers rely on information to perform their jobs. To work better, they need to access knowledge in other parts of their organisations, often in the heads or files of people with similar interests and expertise. Previously they might have used telephones, informal networks of people, meetings, shop talk in the cafeteria, fax machines, corporate libraries and e-mail. None of these offers the potential breadth and speed of access that can be achieved using an intranet.

The intranet should be seen as a tool for linking communities of knowledge workers who have shared interests and expertise. Doing this effectively requires as much care in defining the relevant communities of people as in defining the network and databases.

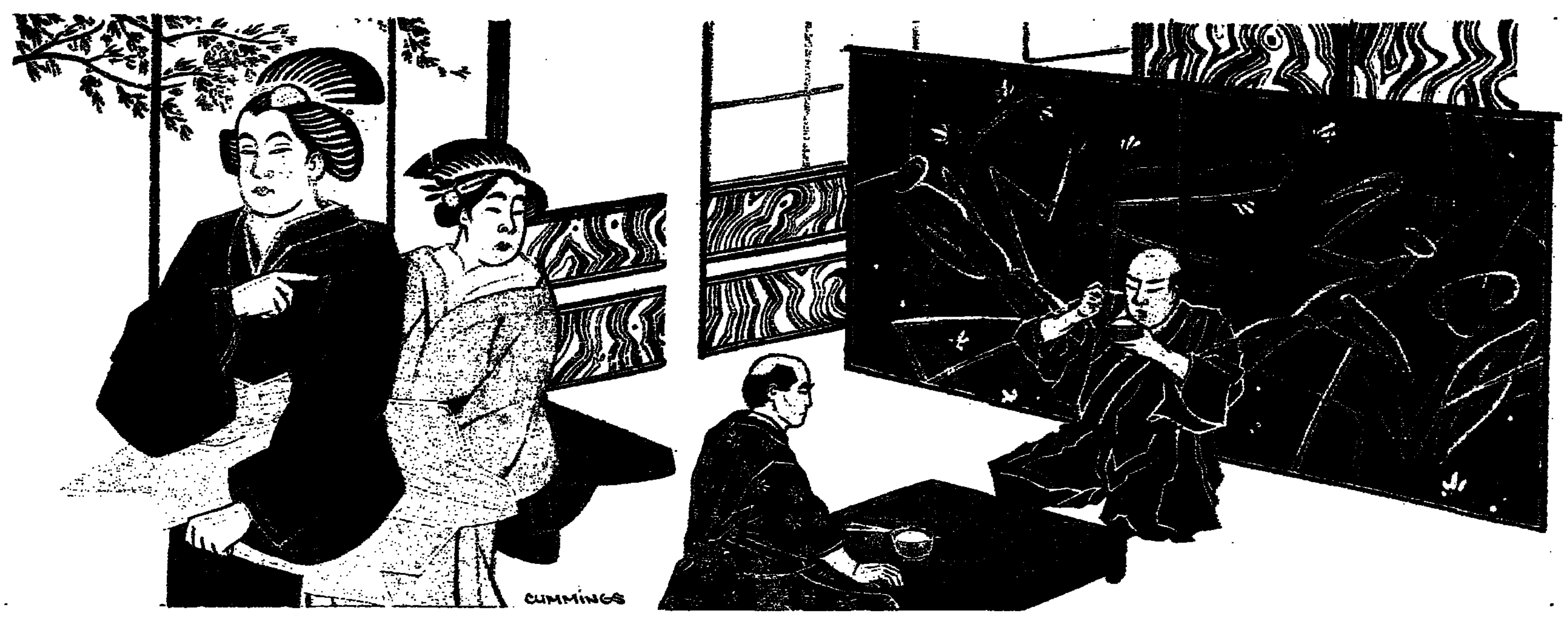
By forming communities of knowledge workers organisations are instilling in their employees a sense of purpose and an obligation to contribute to the knowledge base in order to remain a member in good standing. Supported by an intranet, these communities create a framework for advancing the intellectual capital of an organisation.

Another benefit of knowledge communities is their capacity to help assimilate experienced managers and staff who are new to the company. Placing seasoned newcomers into a knowledge community encourages them to add their reservoir of expertise to the group's collective body of knowledge, hastening their ability to establish connections and develop credibility among their peers.

Keeping employees motivated to contribute to a company's knowledge base is a serious issue. Becoming a member of a knowledge community should be considered a sign of personal growth and an acknowledgment that a person has acquired considerable expertise in a particular discipline. This, in turn, can be considered when evaluating compensation or advancement. Companies with cultures that embrace teamwork will find it easier to create and maintain useful knowledge communities than those which do not.

Ultimately, the key to a successful intranet is the same as for the intelligent use of any technology. Organisations need to consider how intranets will improve specific business processes, but pay equal attention to the human aspects.

Charles O. Rossotti is chairman of American Management Systems, an international consultancy based in Fairfax, Virginia



Collateral Damage

A mystery in five parts by thriller writer Peter Tasker. The story so far: Charlie has discovered that Piers Montagu, Berwick Brothers' star investment manager, whose charred body was found in his country home, had attempted to control the world aluminium market. The clues are starting to point east.

Peter Tasker, Japan strategist for Dresdner Kleinwort Benson, is author of Silent Thunder and Buddha Kiss. Collateral Damage continues on Friday and Saturday. If you enter our competition you could play a part in the final chapter.

CHAPTER THREE

Near the top of a central Tokyo skyscraper is a floor not numbered on the lift panel. At the end of its single dimly lit corridor is an unmarked door. Behind that door is another world – a restaurant which offers no menu and accepts no credit cards but provides entertainments that no ordinary salaryman will ever enjoy.

In the centre of the main room, a young geisha was mimicking a tentative wading movement, the hem of her kimono held high above the knee.

"Crossing the river," she sang in a high quavering voice. "And deeper gets the water."

"Sora!" came the accompanying cry of the older geisha sitting behind her.

Watching from a low table was a man known for over half a century as the Praying Mantis. Originally an allusion to his tall stooping figure, over the years this nickname had acquired a secondary relevance – to his highly efficient method of dealing with political rivals.

The geisha was as fine as she should be, given her pedigree. In 1936 the Mantis had celebrated his entry into the Ministry of the Interior by initiating the career of her grandmother. On winning his first cabinet appointment 25 years later, he had been *presented by his faction-leader* with the mother. Four years ago the geisha-house had offered him this girl's debut too, mostly as a courtesy. After consultation with his doctor, he had regretfully declined.

"Sora, sora!" The older geisha's fingers scurried over the strings of the cat-skin banjo. The kimono rose even higher.

Eyes fixed on the dance, the Mantis dipped his chopsticks into a tangle of glossy black seaweed. Sitting cross-legged on a cushion on the other side of the table was a barrel-chested, bushy-browed man who seemed to be enjoying the dance rather less. He was known to friends, of whom there were many, and enemies, of whom there were even more, as the Bear.

After graduating five years later than the Mantis, the Bear had spent the last years of the war in Manchukuo, Japan's puppet state in China. The lessons he learnt there as an economic planner for the military government were to prove invaluable in his later career, first at the ministry of international trade, then as "senior consultant" to a number of major companies.

Finally the dry twang of the banjo faded, and the geisha's silk socks padded across the tatami to the sliding door.

"You are truly a man who can read the wind," said the Bear. "The results of this last election show that clearly."

The Mantis nodded modestly. He had carefully designed the new electoral system for the benefit of his faction, which had consequently won far more seats than expected.

"Politics must be founded on sincere human relations. All else melts away like ice cream after the summer festival," said the Mantis.

"The same is true of international affairs," said the Bear, pouring *sake* for both of them. "This is the reason for the actions that you are so concerned about – to demonstrate sincerity to our new friends." The Bear had moved to the main point of the discussion with his usual clumsy haste.

The Mantis loosened his kimono, revealing a sunken chest as dark and mottled as an old tea-box. "And how far have these actions of yours gone?" he asked.

"The first stage is a kind of experiment. After that we will act on a much larger scale. As you know, this has been my dream *since I was a* young man."

"Ah," breathed the Mantis, the sound communicating an entire spectrum of finely graded meaning.

"China is a tiger," went on the Bear. "As Confucius said, either you ride the tiger or it will consume you."

"But should Japan feed the tiger cub? There are many risks, I think."

The Bear's chopsticks closed around a chunk of bean-curd, lightly sprinkled with gold-dust. "Appropriate steps have been taken. Our actions will leave no traces." From his tone it was clear that the subject was closed.

Frowning slightly, the Mantis clapped his leathery old hands and called out for the women.

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The ninja had disappeared into thin air. Or to put it another way, the chief of the Metals Trading Department at Mitsukawa Corporation had suddenly been recalled from London to Tokyo.

This was big enough news to roll the markets.

Metal News – "The major metals weakened yesterday when the LME was hit by rumours that influential trader Ichiro Sawaguchi had been removed from his position. A spokeswoman for Mitsukawa Corporation described the return of the charismatic Sawaguchi to Tokyo as 'routine'.

Reuters – "Prices recovered in Chicago on bullish comments from the Association of World Metal Users,

> 'Wouldn't you be on edge if you were having a smouldering liaison with somebody at work?'

which expects a new wave of Chinese demand to keep prices buoyant through 1997. Traders were also heartened by reports that Ichiro Sawaguchi, known as the 'ninja', will soon be resuming his responsibilities from Mitsukawa's Tokyo office."

Bloomberg – "Base metal inventories showed another sharp drop last month, according to official sources. This, together with the imminent return to the front line of 'Ninja' Sawaguchi, should propel prices higher, according to analysts."

All this and more Charlie absorbed from newspaper, screen, and ticker-tape. She did some extra research of her own, using the Internet.

Mitsukawa, she discovered, was an enormous enterprise, with revenues bigger than the GNP of Spain. Founded by a Buddhist priest in the 16th century, it was now the core of the Mitsukawa empire, a zaibatsu group of more than 200 companies. Hardly a day went by without one of them hitting the headlines. Just yesterday, for example, Mitsukawa Heavy Industries had been awarded a huge steelworks contract in Guangdong, to be financed by Mitsukawa Bank.

Searching for keyword combinations, Charlie found some intriguing correspondences. For example, the chairman of the Association of World Metal Users, the organisation responsible for the bullish forecasts of Chinese demand, was the president of a company called Mitsukawa Materials.

And a company called Mitsukawa Warehouse operated facilities in Singapore, Long Beach, and Panama that were used by metal traders to store inventories.

Natasha was gazing at the screen over Charlie's shoulder. Charlie swivelled round to face her. "Did Piers ever mention the name of this company?" she asked.

Natasha's large grey-green eyes grew thoughtful. "I don't think – yes, wait a moment. There was a silly thing once. Mitsukawa make laptops, don't they?"

"They make everything."

"I remember Piers borrowed one from somewhere. He made this odd joke. He said that if it was Mitsukawa, there was probably a bug inside. He repeated it several times."

It wasn't unusual for Piers Montagu to keep repeating a joke, especially a silly one. But this time, thought Charlie, there might have been a reason. "You said that Piers was behaving perfectly normally before he died. You didn't notice that he seemed on edge when you went out together?"

Natasha shook her head, smiling. "Charlie, when he was out with me, he was always on edge. Wouldn't you be on edge if you were having a smouldering extra-conjugal liaison with somebody at work?"

"Possibly," said Charlie, turning back to the computer. "Smouldering extra-conjugal liaison" – where on earth did she get these expressions from?

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If Natasha couldn't confirm her suspicions of foul play, maybe someone else could.

Charlie left the office in the early afternoon and took the train from Liverpool Street. It was already dark by the time she arrived at the village where Piers had bought his converted windmill. She glimpsed it from the window, strangely naked without the sails, a satellite dish on from the roof.

Charlie quickly found the pub where Piers had spent the last evening of his life. Fortunately, it was nearly empty, and the landlord was in loquacious form. "Terrible business, terrible. If the poor bloke hadn't come here and got tanked up, it might never have happened, am I right?"

"You certainly are," said Charlie. "And he was supposed to have stopped drinking too."

The landlord leaned forward, tattooed forearms on the bar. "He'd been on the *wagon for weeks, nothing* but Coca-Cola and crisps. Then suddenly in he comes and starts knocking back whisky chasers like nobody's business. Stood his round four or five times that night, he did."

"Was that unusual?"

"Not to speak ill of the dead, it was a bloody miracle. He was as tight as a sparrow's arse, that bloke. When I heard how much he was earning, you could have knocked me over with a feather."

Charlie nodded and took a sip from her glass of mulled wine. "And he didn't seem at all nervous that night, did he? Upset or depressed or anything like that?"

"Well, he got upset once, alright. There's this Chinese bloke working in the takeaway. He came in to get some ciggies, and your mate Piers almost floored him. Strange that for a bloke who's got Oriental colleagues in his place of work. Still, he was well pissed by that time."

"Oriental colleagues," said Charlie, puzzled. "Did Piers tell you that?"

"He didn't have to – I heard it direct. Just a couple of days before, three blokes came to the village looking for him. Colleagues, they said they was, and they had a message for him."

"Three blokes? What, you mean Japanese?"

"Japanese, Chinese, Koreans – same difference , isn't it? Anyway I wonder if he ever got that message."

Charlie gulped down the last mouthful of wine. "I'm pretty sure he did," she said.

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First thing on Monday morning Denis Moore called Charlie to a crisis meeting in the boardroom. There were two other people present – the last representative of the founding family and a dome-headed man who Charlie had not met before. He was introduced as the senior partner of a firm of solicitors. It wasn't one of the large City outfits that the bank usually used, but a smaller West End firm. Probably, Charlie guessed, one used by the Berwick family for its private affairs.

"So tell us, Charlie," said Moore, after ushering her to a seat. "What about these aluminium positions? Can we get out alive or not?"

"Can't be sure without the details," said Charlie. "But Piers' timing seems to have been awful. We're almost certainly underwater."

"Disaster," groaned Moore.

"Highly unfortunate," murmured the lordly gardener. He was standing at the window, apparently absorbed in the view of Tower Bridge.

The lawyer nodded sympathetically. "In that case, you'd all better start thinking about damage control right away."

"Meaning what?" said the lordly gardener, turning round to face them.

"Meaning that if the worst comes to the worst, all relevant internal records will be seized by the authorities – memos, tapes of phone-calls, the lot. Anything juicy will probably end up on the front

> 'I was wondering about the implications if it were found the deceased was murdered?'

page of the FT."

"So what do you suggest?"

"Only that no compromising materials should be found," said the lawyer, rather archly. "Remember that we are in the fortunate position of having someone to take full responsibility for this whole mess. That person is of course the deceased. Now who was charged with supervising his activities on a day-to-day basis?"

"Me," said Moore hoarsely.

The lawyer nodded, his bald head gleaming in the sunlight. "Then I suggest that you personally assemble the relevant information for the attention of the authorities. It will be so much more convenient that way. Now are there any other questions on this issue?"

"I have one," said Charlie, raising a hand. "It's rather theoretical, if that's alright."

"Go on."

"I was wondering what might be the implications for damage control if it were found that the deceased had been murdered?"

Denis Moore winced visibly. The lordly gardener raised an eyebrow.

The dome-headed lawyer pursed his lips. "Complex," he said. "But probably not favourable."

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Later in the morning, the lordly gardener appeared at Charlie's desk, just as she was closing out a short position on Metallgesellschaft. It was unusual for him to enter the dealing room at all, but *he stood there for minutes*, listening abstractedly to the phone conversation.

"Something's come up," he said when Charlie took off her headphones. "A chap I know had a word with another chap. He managed to get hold of the name behind that Liechtenstein trust."

"Really?" said Charlie, her excitement rising. "How did he manage that?"

"This other chap is awfully clever, apparently. Does a bit of computer work for the government, that sort of thing."

"I see," said Charlie, not seeing at all.

"Anyway the name we want is Foo Sheh Finance. I'm told that means Lucky Snake in Cantonese. You don't happen to know anything about it, do you?"

"Not yet," said Charlie. "But I soon will."

The simplest way was to ask the top China-watcher in the City, Gilbert Chang at Kestrel Securities. But Gilbert didn't want to talk. He was busy trying to sell a portion of the Dragon's Head development in Shanghai.

"This is a very profitable deal, Charlie," he said. "We're talking about more high-quality office floorspace than exists in the whole of Holland."

"I've got an even more profitable deal for you," said Charlie in her most dulcet of tones. "There's some private *research I need. It won't take* you more than a day, and it'll get you 100 per cent of our Asian business for the next three months. All personally credited to you."

That was the kind of language that Gilbert understood. His prospective bonus had suddenly fattened.

Late in the afternoon a slim envelope arrived by courier from Kestrel Securities. It contained just three pages of typescript, setting out the answers to Charlie's questions.

Lucky Snake, she learned, was a property and entertainment group owned by the Wu family. Until the mid 1980s, it had been small potatoes, owning a few floating casinos that operated in Macao waters.

However, over the past five years it had expanded rapidly, investing in large infrastructure projects in the People's Republic and buying stakes in many of the old "Hong" companies.

Alexander Wu was developing political ambitions, and was a member of the Beijing-appointed Hong Kong affairs committee which had been such a thorn in Chris Patten's side.

At the bottom of the last page, Gilbert had written "Call if you need more."

Charlie needed more. She needed to know how the Wu family had risen so fast. And she fancied that Gilbert knew the answer, but wasn't prepared to put it on paper.

"You're right, there," he chuckled down the phone "After all, I've got my relatives in Hong Kong to think about."

"It's that serious?"

"Who knows? Anyway, there's no harm in being careful. The Wu family are closely related to a certain faction in the People's Red Army. This is big stuff, Charlie. These guys control pirate CD and video plants all over southern China. They have the best *equipment money can buy*, as good as EMI or Sony. They can even forge the encryption on Microsoft stuff."

Charlie made the decision quickly, as usual. "Gilbert, you've done a great job. To prove what a star you are, I've got another big favour to ask. I'd like to visit Lucky Snake as soon as possible."

"Visit them! What on earth for?"

"A couple of Wu's companies are listed, aren't they? Let's just say I'm considering a very substantial investment into his operations."

Gilbert gave a little laugh of astonishment. "You want to put money into the Lucky Snake Group?"

"That's right. I promised you three months of our Asian business, didn't I? Arrange this for me, and it'll be six months."

"Yes, ma'am," said Gilbert Chang with unalloyed fervour.

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From the office Charlie went straight to Amos's workshop in the East End. He was working on his own when Charlie entered, bending down to chip away at a large block of carrara marble. He was wearing jeans and a black T-shirt, just as when they met for the first time two years ago.

"Hello, Amos," said Charlie. "How are you getting on?" He turned round, wip*ing the sweat from his brow* with a wiry forearm. Charlie bent forward and kissed him on the cheek.

"What are you doing at this time of day?" he said shyly.

"I'm on my way to the airport. I've got to go to Hong Kong."

"Hong Kong? You are a busy lady these days."

Charlie could tell from his smile that something was wrong. "Bad news, Amos?"

"I suppose so. It's that gallery *I told you about. The* one that was going to exhibit my work next year."

"Was going to? You mean, they changed their mind."

Amos shook his head. "The place is going to have to shut down. Apparently the Arts Council is cutting funding to all 'non-core facilities'. There's been what they call an overspend."

He was still smiling, but Charlie felt like crying. Amos visited quarries all over Europe to get exactly the right kind *of stone*, then he spent months and months on each work, patiently carving and chipping away. Meanwhile talentless charlatans were lauded for exhibiting pickled sheep or piles of old shoes. And now the chance that poor Amos had toiled years for had been torn from his grasp.

Still, as Piers Montagu would no doubt have said with a bullish smirk, who said life was fair?

. . . TO BE CONTINUED

On Friday: Charlie ends up in the arms of a clown. Don't miss Collateral Damage on Friday and Saturday

All characters and companies in this novella are fictitious.

The Competition

The Last Word

Collateral Damage will end with an epigram written by Peter Tasker. Pit your wit against that of the author by bettering his final line, which will be an old style saying with a bit of a twist. For example:

'When the year grows cold, we know the pine and the cypress are the last to fade' *Confucius*

'It never troubles the wolf how many the sheep be' *Virgil*

'It is the wisdom of rats, that they will be sure to leave a house somewhat before it falls' *Francis Bacon*

'Tax is not a burden to the wise man – he has a clever accountant' *Piers Montagu*

What we want is an old-style epigram with a modern commercial flavour, along the lines of the Montagu example above. It needs to have wit and to reflect the spirit of Collateral Damage. We are asking you to submit your entries ahead of the final chapter, and will award extra points to the prescient.

The five funniest, original entries will receive an FT hamper hand-picked by its specialists: bottles of red and white wine chosen by Jancis Robinson, the FT's wine writer; the fiction and non-fiction books of the year, as judged by Annalena McAfee, literary editor; a classical and a popular CD selected by our music writers; and a couple of good taste goodies chosen by Lucia van der Post, How to Spend It editor.

How to enter

Send your entries by electronic mail to **collateral.damage@ft.com** or by fax to 44-171-873 4433 or by phone on 44-171-873 4566. You can only enter between 11am (GMT) and 11pm on Friday December 27.

Terms and Conditions
This competition is open to FT readers aged 18 years and over. Entries must be submitted to one of the above addresses by telephone, Fax or modem, and must be received by 11pm (GMT) on Friday December 27 1996. The winning entries, as selected by an independent panel of judges will be published in the FT on Monday December 30 1996. The decision of the judges is final and no correspondence will be entered into. All prizes will be dispatched to winners within 28 days. There is no cash alternative. Copyright in all entries will be the property of the Financial Times.

ARTS

The comic Shorty with a taste for tall stories

Danny DeVito talks to **Nigel Andrews**

Danny DeVito: when he tired of comic sleazeballs he turned to directing, and then producing

Danny DeVito, sitting in the Dorchester Hotel, is in ripping form. Each question I ask prompts what seems a free audio-book read aloud from his mind. For extra emphasis he will jump up, his Humpty Dumpty head gleaming, his eyebrows all-but-whirring and his arms waving about as if he is screen-testing for *Laocoon The Movie*.

There is an important rule: Never ask DeVito a casual question. A minor inquiry about holidays produces "I'm takin' the kids to Switzerland they'll love it – you ski? – you know they got these great boots..." Three minutes on skiing.

A question about his childhood in Asbury Park, New Jersey. "Oh – lemme tell you – there's a history there – it use-da be a little gem you stopped halfway from New York to Atlantic City down this rocky coast..." Five minutes on the history, social and touristic, of Asbury Park.

With only an hour at my disposal I set a mental target: make him start talking about cinema before 20 minutes are up.

He proves quick and willing to talk about *Matilda*, the new film he has directed, produced, narrated and starred in. As well as that he chased Liccy Dahl, Roald's literary estate manager, all over England begging her to let him make the film. Why so passionate about this cautionary comic tale for youngsters?

Another jawbreaking reply. "Great empowerment going on with the kiddoes" DeVito orates, describing the impact on his own children of Dahl's story of a little girl defying overbearing teachers and parents. "Take the little darlings out on a limb and put a ladder under them just before they fall," he poetises, though I am not sure if he is talking about the characters, the audience or (I trust not) his own three offspring.

I liked DeVito more than almost any star I have met. An actor who does not care about time when giving answers he enjoys is a prize beyond price. Most famous film folk dispense fastidiously manicured sound-bites, sometimes lifeless with *déjà parlé*, whatever they are talking about.

> I stood on one guy's desk and said, '*This* is violent? You're doing *Cliffhanger!*' I went ballistic.

That DeVito himself became famous is, of course, one of the great accidents of nature. Born to second-generation Italian immigrants – one grandfather was a tailor, the other a shoemaker – he grew up in New Jersey. Or rather he did not grow up. Vertical expansion stopped at 13. This explains the almost spherical five-foot stature, topped by a smouldering phiz, which gives the impression of an oversized cartoon bomb.

Anyone can dream, though. DeVito ogled the stars on the movie screen whenever his older sisters made a feint at babysitting him by plonking him on an aisle seat, with a bag of popcorn, while they "hung out with friends."

"*My* friends were John Wayne, Errol Flynn and the Marx Brothers." He wanted to do what those people did up on screen. "It looked simple. It looked liked walking around and talking. I felt I could do that." So he enrolled for two years of drama school in New York, then took a plane to Hollywood to try out for the lead role in *In Cold Blood*.

"I knew nothing about Los Angeles. At the airport I got a bus and said, 'Take me downtown.' When I got there, it was if a neutron bomb had dropped. Nobody was there! It was like one of those classic scenes with the newspapers blowing in the wind."

Anyone who knows L.A. will see the hilarity in this: the one place you never go expecting to find life is downtown.

"So I go up to some guy 'n say, 'Where d'they make movies?' 'In Hollywood, over there!' he says, waving his hands. So I get another bus and spend a year and half in Hollywood parking cars."

In Cold Blood had gone to another actor called Robert Blake. (Where is he now?) So DeVito's Tinseltown apprenticeship consisted of valet-parking Cadillacs and janitoring tall buildings – "I read a lot of books". But the next time he flew in it was to steal several scenes as a lunatic in the film *One Flew Over The Cuckoo's Nest*. Then after a long-running TV sitcom, *Taxi*, he was born mewling and snarling into movie villainy in comic-strip romps like *Romancing The Stone*, *Ruthless People* and *Batman Returns*.

These defined the DeVito we know. He is the manic salesman who puts not just his foot in the door but his whole body. He is the human proton forever bombarding passing neutrons. He is the Hollywood chef who takes ham acting and bakes it to a higher temperature, so that it is too hot even to touch with criticism.

DeVito encourages these deliriums of metaphor. He encourages almost any delirium. "Those characters were so colourful, those villains!" he emotes. "I love these Richard III-type bad guys. You look at Olivier in that movie and when he does those asides to the camera you go (slurpy tongue-licking noise). It's the cat's pajamas! Who you gonna play – that guy or the guy on the horse who's going after the damsel?"

When he tired of comic-book sleazeballs DeVito turned out subtler and more developed sleazeballs, like those in *Tin Men* and *Twins*. He even played a nice person once or twice, but no one remembers (*Jack The Bear*, *Renaissance Man*).

More interestingly, he moved beyond acting altogether. He started with directing: *Throw Momma From The Train*, the juicily funny *The War Of The Roses*, the ambitious but ponderous *Hoffa*.

Then as a producer he founded his own company Jersey Films, which became a Hollywood pace-setter with tangy originals like *Reality Bites*, *Get Shorty* and, most immortally, *Pulp Fiction*.

"I wanted to embrace film-makers who have a passion for their work and are trying to get that work on screen in the way they want. Hollywood is enslaved to previews. They'll show a film and if audiences don't like it they'll change it. It's horrifying. We all have financial responsibility, but it can get out of hand."

Pulp Fiction took Jersey Films into the big league, although it seemed the least likely project to do so. "Quentin (Tarantino) was an unknown film-maker when he came to see me. He had written *Reservoir Dogs* but hadn't finished shooting it. He came into my office, talked faster than I do – he leaves Scorsese in the dust – and said he had this movie in his head about intertwining tales."

Once DeVito had the script, he scorched through Hollywood looking for studio finance. He had power breakfasts, power lunches, power elevenses. And he had yelling matches with executives who said it was too violent. "I stood on one guy's desk and said, '*This* is violent? You're producing *Cliffhanger*!' I went ballistic."

Finally he shook hands with Miramax, a deal that later produced the incomparable joke of a blood-spattered gangster opera being released in Britain as a Disney movie. (Disney had taken Miramax under its wing.)

We rattle on through stories about *Pulp* and *Get Shorty* and at one point I try to turn the conversation reflective by asking DeVito a question about acting craft. That "look," at once deadpan and magisterially menacing, that he practised on Travolta in the mock acting masterclass that the two conduct in *Shorty* – how had he conjured it?

For the first time the human fireball goes all coy and tongue-tied. "Different methods... sometimes you get a mask... find things in your past... It's hard to talk about that scene because acting's so personal. You're almost afraid to say what process goes on, in case you contaminate it. It's a very private thing, acting."

The conversation falters as if I have asked about a dying relative. Then the mood is rescued by a Columbia publicist peering round the door to mime happily "Two minutes, please!"

I ask one tiny last question about my favourite performance of his, as the go-getting aluminium salesman in *Tin Men*. With DeVito, though, I still haven't learned, there is no tiny question. All bashfulness forgotten, he charges off again.

The story is long and funny – all about the pre-film psyching match he played with co-star Richard Dreyfuss to ensure Dreyfuss was properly riled up for the opening car-collision quarrel – and the steam issuing under the door of the Dorchester suite is that of the Columbia PR folk. Their interview schedule is suffering what is undoubtedly a famous occurrence throughout the world: Danny DeVito has started another story...

Panto/**Sarah Hemming**

Plenty of swash and buckle

Anyone concerned about the health of the Christmas show might like to compare and contrast two of the *Beauty and the Beasts* on offer this year, both of which give a most encouraging prognosis. At the Young Vic, Laurence Boswell's play is world's away from panto – a highly imaginative and original piece of theatre: at the Theatre Royal Stratford East, David Cregan's version takes traditional pantomime elements and works them into a charming show. Neither patronises its audience and both, in different ways, offer children a wonderful introduction to the power of live theatre.

The Stratford East show does not have the magical simplicity of the Young Vic's in-the-round production, but it still bursts with theatricality. And it manages to be a pantomime without any of the sloppiness that can dog the genre. It is concise and jaunty, it has a whiff of melodrama about it, and holds the audience's attention without resorting to soap stars, sports personalities or even Gladiators.

Philip Hedley directs with plenty of swash and buckle and a pleasing level of audience involvement. There is a fine baddie: Yvonne Edgell plays the witch, who casts a spell on the prince for refusing to become husband number 273, as a gin-swigging, raucous bundle of black and red finery. She looks like Lulu after a nasty experience at the hairdressers and behaves with splendid bad manners, threatening to transform the whole audience into beasts with the aid of poisoned sweets, ice cream and buckets of goo. Her opponents, meanwhile, are a tweedy fairy and her well-meaning apprentice, Snowdrop.

Davina Perera as Beauty is a sweet and serious heroine, hair in bunches, pretty as a picture in her leg-of-mutton sleeves, while her ruined father (a delightfully befuddled Jim McManus) and selfish, crinolined sisters look like a family straight out of Dickens. There is a quasi-Dame figure, courtesy of Michael Beltenshaw as the bossy house-keeper – a bit of a weak link, since he could do with funnier lines, though he does have a nice cod Victorian ballad about Beauty's heroism, "Though Dead, She Kept Her Word".

This season's award for heroism must surely go to Joseph Noble as the Prince-cum-Beast, who not only pulls off the difficult feat of appearing scary when kitted out to look like the teddy who went through the wash by mistake, but also negotiates the even trickier territory of having to appear handsome in a set of silk flares and platforms that Gary Glitter would die for. He even manages to croon his way through a gooey love song and retain some dignity; no mean achievement given the merciless jeers of his ten-year-old critics.

The production could certainly afford to be funnier, but on most other fronts it scores well.

At the Theatre Royal, London E15 to January 25 (0181 534 0310).

Whiff of melodrama: Joseph Noble as King Tom in Stratford East's 'Beauty and the Beast'

Ballet/**Clement Crisp**

Ashton's 'Cinderella'

It could be said that London is crammed with ballet at the moment, with the Royal, Kirov, English National and City Ballet of London troupes all pitching for Christmas trade. It *could* be said – if ballet meant the most predictable offerings, which is to say a pair each of *Nutcrackers* and *Cinderellas*. On any other terms the city is starvation corner for choreography, with only Ashton's *Cinderella* at Covent Garden providing real nourishment.

The joys of Ashton's *Cinderella*, which I watched on Wednesday night with delight undiminished after nearly 40 years, are plain to see. Here are classical dances beautifully shaped, marvellously set into the score (finest jewels in finest gold), and performed with a loving affection. The Ashton style, so nuanced and sophisticated in means, is sometimes at a premium at Covent Garden, but I salute this cast – led by Miyako Yoshida, making her debut as Cinderella – for the grace and sensibility with which each solo and ensemble was played. I salute also Alexander Vedernikov's account of the music. Making his Opera House debut, he was a fine advocate for the lyricism and rhythmic verve of this best of Prokofiev's ballet-scores).

When once we watched *Cinderella*, it was to be caught up in the tempers and temperaments of Ugly Sisters Helpmann and Ashton. No-one since has made anything of roles which are now unplayable, and Ashley Page (as Helpmann) and Iain Webb (startlingly like Ashton in look) laboured hard but with few rewards, though Webb's sweet innocence is right for his shy old duck. Looking round these characters, though, has helped us see the true power of the ballet, which lies in the profusion and splendour of its classical ensembles. Each variation, each group dance – the stars' entry in the first act a marvel of craft – is to be treasured. How mysterious the contrast between the courtiers' evolutions at the ball and the reiterated circle patterns of stars and of Cinderella's great solo – presaging the movement of time itself which haunts the action. The effect may be subliminal, but the message is there, and we sense it.

Performances were admirable. The season fairies – Sarah Wildor (her arms a ravishment as Spring); Gillian Revie; Belinda Hatley, Zenaida Yanowsky – were as good as any in recent years, and Muriel Valtat was a radiant Godmother. I do not think I have seen Miyako Yoshida better in any of her Opera House performances. She enters the role quietly, but with the solos in the kitchen she reveals a delicate humour, and at the ball her dancing flowered in its best qualities of happy virtuosity, lightness, a true sense of choreographic structure. The big solo, with its gathering emotional and physical momentum, was done with unerring speed and clarity. It has not looked so brilliant for many years. Bruce Sansom was charm and courtesy personified, an ideal prince. And Tetsuya Kumakawa produced sun-bursts of dance as the Jester. Never were such pirouettes, such complex and impeccable beaten steps: it is bravura dancing of the highest order.

The best comedy of the evening came from the unexpected quarter of the Napoleonic partner for Iain Webb's Ugly Sister at the ball. Peter Abegglen is a handsome and gifted young dancer. He here transformed himself into something very like a sex-crazed turbot. Sagging at the knees with apparent lust, he made huge fun out of a mishap when he somehow acquired an Ugly Sister's necklace. To see him trying to secrete diamonds about his exiguous jacket was very funny. He also has dreadful trouble with a wig, which is like nothing so much as a small squashed forest creature, whose front and back are constantly called into question. Blissful. All in all, a grand evening.

Television/**Christopher Dunkley**

For the three days of Christmas . . .

Christmas Eve's schedules are strong on music and animation and long on old movies, but even the biggest fans of the medium could hardly argue that this is a great day for television. The four terrestrial channels (BBC1 and 2, ITV and Channel 4) are showing 60 movies between them over the three days of Christmas, plus a number of "TV movies" which means American television dramas.

If you have a real passion for old movies, it is possible today to plot a path through the schedules taking in nothing else, starting well before dawn on BBC2 (Barbara Stanwyck in *Christmas In Connecticut* at 7.05 am) and continuing until 2.55 tomorrow morning (when *The Producers*, origin of the breathtaking "Springtime For Hitler" number, ends, also on BBC2) with only two breaks. And that is without any recourse to cable or satellite offerings.

Among the many animated cartoons today, two stand out chiefly because they are brand new and British. *The Adventures Of Toad* (2.00 pm Channel 4) is another spin-off from *The Wind In The Willows*, which uses the voices of Richard Briers, Hugh Laurie and the late Paul Eddington; and *Famous Fred* (6.10, also Channel 4) a television version of the charming cartoon book, simply called "Fred", by Posy Simmonds.

★★★

Apart from the Queen's Speech (which can be heard at other times elsewhere) as usual on Christmas Day all the things you want to catch are on at the same times. The 20 minutes between 3.00 pm and 3.20 see the start of five programmes which will be among the main choices for many people. Channel 4 continues its tradition of offering *The Alternative Christmas Message* (previously provided by Quentin Crisp, Jesse Jackson and Brigitte Bardot) delivered this year by Princess Di... well, Rory Bremner's impression, anyway. Those who have been watching Bremner's Channel 4 series this season will find this 10-minute squib difficult to resist.

At 3.10 ITV screens its new two-hour costume drama version of E. Nesbit's children's story, *The Treasure Seekers*. This should be splendid entertainment if the rest of the production lives up to the cast list, which reads like an Equity hall of fame: Ian Richardson, Donald Sinden, Patsy Byrne, John Sessions, Nicholas Farrell, James Wilby, Gina McKee, Nigel Davenport and more. Also at 3.10 BBC2 begins *Casablanca*, greatest cult movie of them all with Humphrey Bogart trying hard to resist Ingrid Bergman in wartime North Africa. The great thing is, this one fully deserves cult status.

Repeated on the radio, for those who missed it yesterday, is *A Festival Of Nine Lessons And Carols*, from King's College Chapel (3.20 Radio 3). And also on radio, there are two programmes which will serve, sadly, as tributes to that endearing entertainer Willie Rushton after his untimely death. *I'm Sorry I Haven't A Clue Christmas Special* is on Radio 4 at 5.00 pm, and *An Antidote To Christmas*, with readings and music from Rushton and The BBC Singers, is on Radio 3 at 9.30 pm.

At 3.15 Channel 4 begins the acclaimed production of Gounod's *Faust* which was first presented in the spring by the Welsh National Opera. An English language version, it lasts more than three hours and stars Paul Charles Clarke in the title role, Janice Watson as Margarita, and Alastair Miles as Mephistopheles. Charles Mackerras conducts the WNO, and television direction is by the best in Britain: Derek Bailey.

No one will have any trouble finding the usual Christmas Day specials (*Des O'Connor* on ITV, *The Vicar Of Dibley* on BBC1 and so on) but there are one or two less heavily promoted items which may be worth noting. In the second of a five-part series, *An Audience With Charles Dickens*, Simon Callow re-enacts Christmas dinner with the Cratchits (6.10 BBC2). That is followed by the English National Opera production of one of Handel's less famous operas, *Ariodante*, which, we are assured, is "a story of sexual intrigue, betrayal and unleashed passion, set in Scotland in times of chivalry" (BBC2 6.40). That is followed (9.40) by *Saint-Ex*, a drama-documentary telling the story of the extraordinary French airman/writer who moved from commercial airlines to reconnaissance during the second world war, took off one day, and never reappeared. He is best known today as author of *The Little Prince*.

Otherwise it is largely a question of which movies to watch. It would be as well to steer anyone under the age of about 12 away from *Jurassic Park*, which is violent even though the technical effects are astounding (6.30 BBC1). Best selections are *Bambi* for those with satellite or cable (Disney Channel 7.00 am and 6.15 pm); *The Band Wagon*, a classic musical with Fred Astaire and Cyd Charisse (8.30 am, breakfast time, BBC2); and *Remains Of The Day* with Anthony Hopkins giving the perfomance of his life as a desperately English butler in a grand house (ITV 10.00 pm).

★★★

When I fly out of Heathrow today the VCR will be set to record one item on television: *Crumb*, which promises to be a true oddity. This documentary deals with the life of Robert Crumb, the American cartoonist whose work, with such characters as Fritz The Cat, became immensely popular in the underground press and adult comics of the 1960s. This profile has been criticised for exploiting the other members of Crumb's family who all seem even more bizarre than the artist... which is saying quite a lot (11.25 pm BBC2).

It is a red letter day for Dickens fans. As well as the Radio serial there is the beginning of Christine Edzard's vast and hugely enjoyable adaptation of *Little Dorrit* on BBC2 (10.15). Altogether this runs six hours, three today and three tomorrow. It tells the story faithfully, without spending vast sums on locations, but using one of the most impressive British casts ever assembled. Alec Guinness and Derek Jacobi are William Dorrit and Clennam, with smaller parts played by Max Wall, Alan Bennett, Miriam Margolyes, Eleanor Bron, Robert Morley and many others. One of the best offers this holiday. At 8.00, still on BBC2, Simon Callow gives the fourth of his five readings in the character of Dickens in *An Audience With Charles Dickens*, today's subject being the famous court scene from "Pickwick Papers".

Other temptations include *The Willows In Winter*, a new 85 minute animation feature using William Horwood's 1993 book, extending the Kenneth Graham original, to continue the story of Rat, Mole, Badger and Toad. This time Mole sets out across the frozen river to visit Rat, falls through the ice, and disappears. Luckily Toad has recently switched from cars to aeroplanes and is well equipped to undertake a search. The voices include those of Alan Bennett, Rik Mayall, and Michael Palin (ITV 2.45).

At 8.30 BBC2 televises Matthew Bourne's surprising West End success, his version of *Swan Lake* with the swans all danced by men. If you have cable or satellite you can end the day with a splendid example of 1940s cinema entertainment: *Blithe Spirit* on UK Gold. This version of Noel Coward's stage hit stars Rex Harrison, Kay Hammond and Constance Cummings. Fast, witty and dry, few things will match it on television this Christmas (12.50).

Out of the poverty trap

GOOD NEWS

Grameen Bank's lending to the poor is backed by a clear social agenda, says Mark Nicholson

What's the difference between a cellphone and a cow? Less than you think, according to Grameen Bank, the world's pioneer in lending to the poor. They are both assets which landless villagers can buy to start a business, paying for them with the small unsecured loans Grameen has advanced to 2m Bangladeshis, most of them women.

"Our idea is to bring cellphones to the villages," says Mr Mohammed Yunus, the bank's 56-year-old founder and managing director. "A Grameen borrower can buy the phone with our loans and become the village's telephone lady. Villagers can pay to use her phone to call relatives or find out prices in the markets."

Grameen (which means village) won a licence this year to provide cellphones in Bangladesh in partnership with Telenor, the Norwegian telecoms group. Mr Yunus speaks of doubling the number of telephone lines in a country where almost half the 130m people get less to eat than the minimum recommended by international aid agencies.

And there is nothing to stop young Bangladeshis keying in computer data for clients in the west, says Mr Yunus. Grameen has set up an Internet service provider in Dhaka and is examining ways of supplying candle-lit Bangladeshi villages with solar power.

"Virtual offices can grow in the villages," he says. "The boys and girls won't have to rush to cities in Britain or America for these jobs; the jobs will come to them."

All this may sound unlikely, but Grameen Bank has always done things differently, lending funds to people most bankers would regard as impossible credit risks.

One such is Ms Ana Khatum, a woman in her late 30s who lives in the hamlet of Shonaliga, 100km north of Dhaka. Nine years ago she borrowed Tk1,000 ($24) from one of Grameen's first centres to buy tools to make bamboo furniture. She now owns a shop selling cigarettes, magazines, bread and biscuits and is repaying loans worth Tk16,000 borrowed to expand her stocks.

"I used to be a very shy person," she says. "I never knew so many things as I do now. Now I know so much. I'm very confident."

At least 600,000 Bangladeshis have been lifted out of poverty by such loans which average about $75. Grameen claims to have a repayment rate of 98 per cent.

The bank's success has made it a model for micro-credit that has been copied from inner-city Chicago to the Philippines. It has helped refashion development thinking and turned Mr Yunus into a globally feted guru.

The idea of the bank was inspired in 1976 when Mr Yunus, who had returned to newly independent Bangladesh from a US university teaching post, met a woman in Chittagong who made bamboo furniture. She earned hardly anything for her toil, buying her materials from the same man who bought her finished work. Mr Yunus realised a small advance could release her from this near-slavery.

His students at Chittagong University were asked to see how many other poor workers might also earn some economic independence through a small loan to buy simple tools or materials. They found that $26 in total would equip 42 skilled workers with the means for self-employment.

No bank would lend such small sums to poor people with no security. So Mr Yunus set up an institution which would lend tiny sums without any more collateral than the recipient's willingness to repay. Today the bank has 1,060 branches covering about half of Bangladesh's villages.

He organises his borrowers into groups of five. Individuals in the group can borrow for anything they choose, from tools to husk rice to cows to produce milk. They use their own knowledge of what they need as "risk appraisal" and peer pressure enforces the discipline of repayment.

From the outset, Mr Yunus gave Grameen Bank, as it formally became in 1983, a clear social agenda. Borrowers, increasingly the poorest village women, had to subscribe to a charter of 16 "decisions"; to keep their families small, educate their children, keep their homes in repair, use proper sanitation and refuse any form of dowry for marrying sons and daughters.

It was, as Mr Yunus describes it, a "worm's eye" view of development. It helped people at the bottom, rather than imposing the priorities of the aid donors which have given $25bn to Bangladesh since independence but which have failed to halt the rise in the number of poor.

Founded to think small, Grameen has begun to think rather big. Apart from the ambition to create "virtual offices" in the villages, Mr Yunus speaks of setting up a Grameen software company and creating mutual and pension funds for its borrowers.

Such projects are seen as a way to make Grameen financially self-sustaining. The bank still depends on subsidised aid loans and some donations, and is 10 per cent government-owned.

Mr Yunus says the new ambitions spring from evidence that the bank's simple lending programme is not enough to haul all its borrowers from poverty to self-sufficiency. Research has shown it was taking Grameen borrowers five to 15 years to rise above the poverty line. "We thought this was too big a range," he says. So the bank has stopped taking on new borrowers in order to deepen the opportunities for existing borrowers.

"We have 2m borrowers, a third of whom have crossed the poverty line. We see it as our job that the remaining two-thirds will cross the poverty line in the next two to three years."

As one of the early beneficiaries of Grameen, Ms Khatum is confident the bank will succeed. "If you come back in five years," she says, "we will have prospered. From huts we will have houses with tin roofs, we'll have our own telephones and our sons will have their own cars."

Mohammed Yunus with some of Grameen's borrowers

·LETTERS TO THE EDITOR·

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Echoes of Britain's experience of the ERM found in Emu

From Mr Stephen J. Davies.

Sir, Richard Layard ("False fears about Emu", December 18) questions the relevance of the UK's experience in the European exchange rate mechanism to the debate about the effect of Emu on jobs, and argues that high unemployment elsewhere is not a reason to delay Emu. The UK's ERM experience may be more relevant than he suggests.

If 1997 is the fifth successive year when the UK grows faster than both France and Germany, the UK will approach 1999 needing higher interest rates than would be set by a European central bank, and probably with the real sterling exchange rate overshooting. There is thus every likelihood that if the UK joined Emu in 1999 it would repeat its mistake and enter at an uncompetitive exchange rate, which would be bad for jobs.

In the immediate aftermath of entry, the UK's problem would be additional inflationary pressure caused by interest rates falling to the level set by the central bank. The consequent inflation would exacerbate the longer-term competitiveness problem and the prospect for jobs in the UK.

There are two reasons why high unemployment in other countries makes an early move to Emu unwise. First, if more enlightened labour market policies eventually prevail, and the sustainable level of unemployment falls substantially in many European countries, such a structural change would alter the appropriate pattern of real exchange rate relativities across Europe. It would clearly be better to accomplish this change while nominal exchange rates were still free to adjust.

Second, high levels of unemployment not due to structural factors may be indicating that exchange rates are wrong. Again, the UK's ERM experience is relevant. As of mid-1992, UK inflation and interest rates had converged very close to German levels, and did not provide any evidence that the UK's position in the ERM was at risk. It was indicators such as unemployment that showed the unsustainability of the UK's ERM membership.

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Sauce for the goose

From Mr Richard Young.

Sir, Christmas is a time for quizzes, so here is a question. Suppose the European Commission proposes to ban meat and bone-meal. How will the UK vote? As if you don't know, it is against – no scientific basis, uncompetitive beef industry, etc.

Now it has proposed a ban on a poultry feed antibiotic thought to cause human drug resistance ("EU to ban antibiotic from animal feeds", December 20). BSE still stings, surely Britain will lead the way. The vote: 14 in favour, one against.

Enjoy your Christmas dinner, MAFF – as you don't like cold turkey you may get cooked goose!

Richard Young,
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All the violence that's fit to show on television

From Ms Lizabeth Herzog.

Sir, Christopher Dunkley made an excellent point ("Violence put in perspective", December 18). Indeed, people were violent long before television.

However, we should not be fooled into thinking that there is no censorship of violence on television. Whereas any amount of dramatised violence is permitted, real violence is routinely eliminated from news programmes and documentaries.

We are never permitted to see the results of real shootings or bombings. The US invasion of Panama, Britain in the Falkland Islands, and the Gulf war were completely banned from public view.

Likewise, we are never shown the results of terrorist bombings, shootings and stone-throwings. The New York Times, whose motto is "All the news that's fit to print", obviously doesn't think that photographs of victims of murders and other violence are acceptable for public view, even though it is a staunch defender of the freedom of the press.

The much-vaunted "public's right to know" does not include knowing the results of violence.

One can only guess at the reason for this inverse censorship. Perhaps if the public could see how truly awful and gruesome real violence is there would be a greater public demand to stop it.

Lizabeth Herzog,
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Israel

Unhappy new millennium

From Mr Ian L. Duff.

Sir, Nicholas Denton seems to miss the hub of the problems on the software changes needed for the millennium ("Making a date with the euro", December 18). The euro development is straightforward, it is new, it is similar in stature to value added tax and decimalisation, but the date problem is being underestimated. Both Barclays de Zoete Wedd in its quoted paper and Nicholas Denton seem to be interested in the costs of the changes, and not the implications for the future of companies.

The Gartner Group, quoted in the article, also states that only 20 per cent will have addressed the millennium issue by the end of 1997. That means that 80 per cent will not have done so. There seems to be a reluctance to see this as an issue. Even my PC, purchased in 1995, does not allow for the end of the millennium.

The British Computer Society's recent paper, *The Year 2000*, written by practical people in organisations deeply affected, tries to raise the urgency. It says "... the problem does not sound spectacular ... [but] its impact is potentially catastrophic".

Nicholas Denton does say that the problem is the more widely feared, but there is a difference between fear and action. The euro may not happen but December 31 1999 will. Is the British Computer Society overestimating the issue? If it is right, there could be many a red-faced chief executive in January 2000.

Ian L. Duff
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Lots of room at the inn

Judy Dempsey on the absence of cheer among Bethlehem's Christians

Mr Elias Freij is not a happy man. As mayor of Palestinian-controlled Bethlehem, he expects to welcome thousands of pilgrims tonight to celebrate the birth of Jesus.

He is planning fireworks, music and carol services. But he has no money for new decorations.

"We will manage somehow," says the 78-year-old Christian who was elected mayor earlier this year in the first free elections in the areas ruled by the Palestinian Authority. "We will make do with old decorations."

From his spacious office looking out on to the Church of the Nativity on the site of what is believed to be the birthplace of Jesus, Mr Freij has been trying to raise $40,000 (£23,952) over the past few weeks to spruce up this market town of 35,000 people less than 10km from Jerusalem.

But the shortage of funds reflects the difficulties of life on the West Bank since the election in May of a right-wing Israeli government led by Mr Benjamin Netanyahu stalled the peace process.

There has been a sharp fall in the number of tourists visiting Israel and the occupied territories since last September's violence between Israeli and Palestinian forces. The number of "tourist overnights" last month was 23 per cent lower than in the same period a year ago. And the average occupancy level in Israel's hotels has fallen to 60 per cent compared with 73 per cent in 1995.

The Bandak family, Bethlehem Christians, invested $4m in 1982 in building the Grand hotel in Bethlehem. They are still waiting to get a return on their investment before deciding on their future plans.

"Between 1982 and 1987, business was pretty good. Israel was promoting Bethlehem and encouraging tourism," says Mr Khalid Bandak, one of the hotel's managers. "It became difficult during the *intifada* [Palestinian uprising] which started in 1987."

"Things have become easier under the Palestinian Authority in terms of trying to get planning permission. But we can't make any long-term plans for the hotel. There are always new obstacles, whether it be closures, unrest or bombings. Any hint of violence keeps the tourists away."

Santa's welcome: but there are fewer visitors this year

In the spacious foyer of the Bandaks' hotel, staff are putting up the Christmas decorations, hoping tourist groups will decide to stay a few nights rather than return to nearby Jerusalem.

"We have just one group booked in over the Christmas," says Mr Bandak. "Many of our 50 rooms are empty. There is plenty of room at the inn."

Furthermore, the closures imposed by the Israeli government on the West Bank and Gaza have made it even more difficult. Palestinians from Bethlehem have not been able to travel to Jerusalem to work.

"If they have no work, they cannot pay their taxes. And if we cannot collect taxes, we can't buy new decorations and do other things to improve the town," the mayor says.

He has asked Mr Yassir Arafat, president of the Palestinian Authority, to make a donation – though he admits that it has more urgent priorities. He has asked the Israeli authorities to suspend the closures on Christmas Day to allow Bethlehem's 12,000 Christians to visit the Church of the Holy Sepulchre in Jerusalem, one of the central shrines of Christianity.

Mr Freij has been particularly keen this year to offer pilgrims a warm welcome, to show that Bethlehem is a safe and hospitable place for visitors after a year under the Palestinian Authority.

"The eyes of the world will be upon us," he says. "I want our visitors to feel safe. I want them to keep coming back especially since they are so important for our economy as much as they are vital for preserving the traditions here."

But the stalling of the peace process is having more far-reaching effects on Bethlehem – in particular on its dwindling Christian community of around 12,000. Mr Mitri Raheb, a young Lutheran pastor at the International Centre of Bethlehem, a Lutheran-run institution, says he knows of at least 20 Christian families who have emigrated over the past six months.

Mr Raheb, who was born in Bethlehem 34 years ago and who studied theology at the German university of Marburg, says the Christians feel threatened. He believes they are unsure about what kind of coexistence will evolve between the Palestinian Authority dominated by Moslems and the Christian minority.

"It is not only because they have a lower birth rate than the Palestinian Moslems which is affecting the demographic balance between the communities," he says. "But life under the Palestinian Authority has become more uncertain mainly because the peace process has come to a virtual standstill. We feel hemmed in."

Mr Raheb believes this sense of uncertainty plays into the hands of Moslem extremists and fundamentalists whose growing support alarms Christians.

The unemployment rate in Bethlehem is over 30 per cent. And even those who want to stay find it difficult to acquire land on which to build.

"Bethlehem has always been a special mix of Christians and Moslems," says Mr Freij. "But it is becoming increasingly difficult to preserve this tradition. If there is no perspective for young Christians, they will join their relatives, many of whom live in Latin America. The churches here will become museums."

Mr Raheb says the Palestinian Christians are as tired as the Palestinian Moslems at the constant harassment when they travel outside Bethlehem. Because he has a Palestinian passport, he has not been allowed travel to Jerusalem since September even though his Lutheran Bishop has his seat in Jerusalem.

"I want to pray in the Church of the Holy Sepulchre on Christmas Day," he says. "But I am not going to ask the Israeli military administration for permission to travel. I have been refused too often in the past, without any explanation. I don't want to be humiliated again."

Like Mr Freij, Mr Raheb wants the Christians to remain in Bethlehem and in other regions controlled by the Palestinian Authority where a total of 80,000 still live. "We are part and parcel of Palestinian society and part and parcel of the Arab Islamic society. It is part of our identity.

"If we are not allowed to maintain these traditions, I fear Palestinian society could become a monolithic culture, giving the Christians little reason to continue living in Bethlehem," he says.

FINANCIAL TIMES

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Greed and the good life

Greed, albeit unattractive, is not a deadly sin. Gluttony made number five of the seven, but greed is thought an economic virtue, at least when dressed up in the red cloak and twinkling face of profit maximisation.

Yet the champagne-soaked bonus celebrations in the City of London this Christmas might make one wonder. Has that face of capitalism which Sir Edward Heath found so unacceptable in the early 1970s started to reappear? Are the Wall Street brokers drawing bonuses of $1m really worth 20 times as much as other professionals? Or is it capitalism run wild, with Father Christmas expected all year round?

This is not so much a question of whether people are being too greedy; it is more about the different ways in which greed can be controlled. When Adam Smith pointed out in the *Wealth of Nations* in 1776 that the butcher, baker and brewer provide our dinner "not from benevolence... but from regard to their own interest", he clearly understood there had to be rules to ensure that competition curbed prices.

One of the biggest questions facing market capitalism in recent years has been what these rules should be and how to enforce them. In the US, for example, it has been widely accepted that people should be free to make as much money as they can in any ways they can – subject only to laws, regulations and contracts. In Japan, the restraints are more subtle – group pressures, social conventions and unwritten rules of co-operative behaviour. The US system is more open, but weighed down by legal costs.

Cultural differences

But neither of these models can be transported directly to other cultures. China and eastern Europe benefited enormously when greed was let off the leash. Even Russia is better off now than under the insane restrictions of communism, although the hidden hand there often seems weak and palsied as the country's new capitalists seize huge wealth, trample on competition and show contempt for laws. In Nigeria, perhaps the extreme case of unconstrained greed, economic power is wielded by the few for the few, with no benefit for others.

Such cases, and the subtler conflicts in advanced economies, have recently led a number of economists to re-appraise the extreme doctrine of economic liberalism which gained wide political currency on the new right in the 1980s.

Social interests

In its simplest version this creed holds that competition is all that is needed to reconcile personal greed with wider social interests. Conscience and moral standards are redundant if the markets are working their magic. This view was flaunted by Mr Ivan Boesky, the US financier, when he said in 1986 that "greed is healthy". Next year he was in prison.

The challenge to a model which justified huge rewards for ruthless behaviour has been mounted from two directions. The first is the pragmatic observation that co-operative "bee-hive" behaviour such as is found within and between Japanese firms can be highly efficient. Trust breeds trust, and is a lot cheaper than lawyers.

Second, new insights from biology show that humans have evolved in the struggle for survival to be less naturally selfish than was commonly believed. Generosity and co-operation are not merely imposed by laws and moral codes. They spring from within, because in evolution, as in business, virtue pays dividends.

When mutual suspicion and conflict become entrenched, rewards for the few may seem high for a time, but soon everyone loses. This is as true for advanced economies as for ape societies. So although greed will always be the engine of economic advance, it works best when lubricated by trust.

Although efforts have been made recently to capture this proposition in economic equations, it is not entirely new. It was a lesson taught 2000 years ago in Palestine.

A Russian Christmas

After decades of militant, state-imposed atheism, this year the streets of Moscow are a riot of Christmas trees, festive lights and banners urging Muscovites to rejoice in "the birth of Christ".

That is an event which Orthodox Christian Russians, who follow the old, Julian calendar for religious holidays, must wait two more weeks before celebrating. But on the eve of new calendar Christmas, Russians are watching the political rebirth of a man some regard as the nation's secular saviour: President Boris Yeltsin.

Mr Yeltsin's Christmas comeback, seven weeks after a quintuple heart bypass operation, is apt for a man who has made regeneration his political trademark. Always at his best in adrenalin-pumping moments of national crisis, he notched up a remarkable victory earlier this year, dancing, smiling and kissing his way into triumph against the Communists in the July presidential poll.

For his admirers, that achievement was enough to ensure Mr Yeltsin a hero's place in Russian history books. Mr Anatoly Chubais, the architect of Russian mass privatisation and Mr Yeltsin's chief of staff, has gone so far as to describe Mr Yeltsin as the greatest ruler Russia ever had, with the possible exception of Peter the Great.

Impressive record

Most observers would stop short of such hyperbole. But even ungilded, Mr Yeltsin's record is impressive enough. Five years after he defied a hardline coup from astride a tank in front of the White House, Mr Yeltsin has systematically dismantled communism.

Moreover, despite continuing political drift and economic disarray, none of the nightmares predicted by the gloomier pundits has come to pass.

Army salaries are paid so erratically, officers have taken to committing suicide – but there has been no military coup. Billions of dollars in wage arrears have sparked thousands of wildcat strikes across the country – but the labour protest has not reinvigorated the Communist party. Russia's international sphere of influence continues to shrink, with the expansion of Nato and the Kremlin's effective defeat in Chechnya – but there has been no explosive nationalist reaction.

Restrict powers

In short, there are no more villains, threatening to pull the country into dictatorship or war, for Mr Yeltsin to conquer. His job, as he begins his second term in earnest, is no longer to destroy but to build; not to vanquish enemies but to tame his friends. To create a real democracy and a liberal market economy in the place of communism, Mr Yeltsin must today restrict the powers and wealth of the new elite he himself has brought to power.

He must break up the monopolies of the gas, transport and electricity barons and charge them and the oilmen market rents for the natural resources they exploit. He must cut the flow of preferential government credits, tax breaks and undervalued state companies to the privileged financiers who bankrolled his re-election bid.

He must give civil society a real voice by strengthening the independence of the courts and urging his judiciary to pursue the detailed corruption allegations which every day grace Russia's newspapers.

As he passed through the Kremlin gates yesterday, Mr Yeltsin described himself as "a fighter". It is his favourite self-image, and one which suited the black-and-white struggle of his first presidential term.

To make a mark with his second, he will have to confront the subtler and more ambiguous challenge of limiting the powers of his closest allies. This is a job only Mr Yeltsin, the patriarch of the current regime, can accomplish and it could be the hardest of his career. The winter holidays, traditionally a season for rebirth and reconciliation, are a good time to begin.

FT Man of the Year • **Rupert Murdoch**

Poised to encircle the globe

Raymond Snoddy on the media mogul who has laid the foundations for a digital broadcasting business around the world

Outside the News Corporation building in New York the trees are festooned with thousands of tiny lights for Christmas. Inside, in the third floor boardroom, Rupert Murdoch is giving his undivided attention to six young men in suits.

The issue is not some multi-billion dollar media deal but the details of the design of the satellite dishes and set-top decoders that will be sold before the launch next October of American Sky Broadcasting, a billion-dollar satellite television venture.

"Shouldn't the dishes be all one colour instead of two?" he asks. "The decoder with the undulating surface may look nice but surely a flat surface would be better."

Mr Murdoch is concerned that the smallest of the decoder boxes might have too much crammed in. "I don't understand all the technical stuff but I don't want it to overheat," he warns.

Finally, he asks if lots of other members of staff, particularly women, could give their opinion before the final decisions. The chairman and chief executive of News Corporation and would-be global digital satellite king believes in being deeply involved even in such issues of detail.

Then he was off to consider buying more exclusive television sports rights, before attending a Citibank lunch where the leaders of corporate America gave their forecasts for 1997.

After that there was a session with his youngest son James who looks after News Corp's interests in recorded music, pulling together a variety of small new media investments. "A nice, bright kid, great company to be with and a bit of a techie," says Mr Murdoch of his bearded Harvard-educated son.

The "light" working day, as his office describes it, ends with a five and a half hour flight on the News Corp jet to Los Angeles. There, the schedule included a meeting with the architects designing a $350m (£209.50m) expansion at the company's Twentieth Century Fox studios, lunch with his wife Anna and a speech to his staff at the Fox Christmas party.

Then on to Japan for a week of talks and meetings over the launch of yet another digital satellite venture next year – JSkyB. At 65, an age when most business executives reach retirement, Rupert Murdoch is starting to run even faster to expand his business on a global scale.

There have been previous excitements in his career – including his coup against the UK print unions when he moved his national newspapers to a new plant at Wapping in 1986. In 1990, News Corp was nearly pulled down by the scale of its debt.

But 1996 has probably been the most dramatic year for Mr Murdoch. "It was a year of big challenges – a lot of progress and a lot of problems," he says.

In 1996, he became the biggest owner of television stations in the US with the $2.5bn purchase of the 80 per cent of the New World Communications chain of 10 stations he did not already own. And he finally realised his ambition to launch Fox News, the television news channel he hopes to take around the world.

But perhaps the most significant development was the commitment to invest approaching $2bn to launch digital satellite television in the UK, the US, Japan and India – indeed "wherever practical" as he puts it.

It is a cost well within his reach: he has $3bn cash, cash flows of more than $1bn a year and $4bn in long-term debt – some of it 100-year debt. He is now the most powerful media tycoon in history in terms of his global reach and the diversity of his media interests which range from Hollywood to newspapers such as The Sun, his highly profitable UK tabloid.

There have been problems to match the opportunities. In Israel tax authorities investigating alleged tax irregularities raided the offices of a News Corp subsidiary – News Corp deny any involvement in wrongdoing.

In Asia, Star TV, the Hong Kong satellite venture, is expected to lose $100m this year, partly because of the difficulties of getting into China. In the UK, Mr Don Cruickshank, the telecommunications regulator, has made clear that he will not tolerate abuse of market dominance in digital television.

The planned takeover by British Telecommunications of MCI Communications of the US, News Corp's 50-50 partner in launching ASkyB, has also sent Mr Murdoch back to the drawing board. If it goes ahead MCI will be treated as a foreign company by the US regulators – and would not be able to hold the satellite licence. In any case, MCI now wants only 20 per cent of the satellite venture.

"We are already setting up an American company with American shareholders to hold the licence and maybe even hold the satellite and lease the transponders to the operating company," says Mr Murdoch who is considering a share offering to raise the other 30 per cent.

Unlike in the UK, Mr Murdoch will face well-entrenched and well-funded rivals in the US satellite wars. They include DirecTV, owned by Hughes Electronics, which already has more than 2m subscribers to its 175-channel system. Mr Murdoch hopes putting lots of local television stations and local sport on his satellite system will give him the edge.

The biggest headache for Mr Murdoch has been the battle to get Fox News into the lucrative New York market where the advertising industry is based. He thought Time Warner which owns the Manhattan cable system had agreed to carry Fox News. But it then decided to take CNN, which is merging with Time-Warner, and MSNBC, the joint venture between Microsoft and the NBC network.

With so much going on it is hardly surprising that Mr Murdoch believes that News Corp is still in a state of evolution with tough decisions having to be taken at every turn. "On the one hand there are ambitions of growing greatly and repeating the success of Sky in other countries particularly the US," the News Corp chairman says.

"On the other hand technology is bringing about huge changes. The Internet is bearing down on us like a fast train and we have to decide do we get on it or jump off the track."

Technology, he insists, is making it cheaper to enter information markets and therefore as a result "there is no possibility of monopolisation" – an argument likely to provoke a rueful smile from some of his rivals.

Mr Murdoch is keeping a close watch on the Internet and trying to protect the important classified advertising revenue of his newspapers with modest investments in electronic ventures. But he says he is as sure as he can be that the traditional mass media will endure and is sceptical of the concept of the "Daily Me" – tailored information assembled by computers for the individual.

The fragmenting of the television audience as more and more channels are created will, however, require constant vigilance. "If you are operating in that market you have to be pretty fleet of foot to make sure you don't become a dinosaur," he says.

But as he worries about reading the future direction of the media business, the really big question about Rupert Murdoch is why he still does it.

"I'm having too good a time to stop. I really love it," he says. He still relishes the excitement and challenge – the daily involvement – of producing newspapers in a world that is "getting more interesting in every way".

"I can't see people getting out of bed happy every day and thinking what a wonderful life it is running a commodities company or a gas pipeline or something... This is the greatest fun business in the world," he says, thumping the table for emphasis.

In his 65th year, he looks older. The hair is not only grey but thinning, the jowls more pronounced, and he is prepared to make some concessions to his age. This year he gave up skiing – because he is only interested in skiing fast and he was afraid he would break something if he continued. Instead he celebrated his birthday in March by taking up scuba diving.

Mr Murdoch is also thinking more of religion and his own mortality – although he says he has never been, as widely reported, a born-again Christian. "I would describe myself as a mildly religious person. I am a disillusioned Presbyterian who goes to church with my wife to a Catholic Church," he says, adding that he is thinking of converting to Catholicism.

But will he carry on indefinitely? He says he is not a retirer. If he were to become a non-executive chairman attending a monthly board meeting, what, he asks, would he do on the other 30 days?

"It will take a tremendous effort by my wife and kids to throw me out," he adds. Mr Murdoch holds only 5,000 shares directly in the News Corporation – the 30 per cent family-owned stake is already in trust for his children. He hopes eventually to take the family stake in News Corp back up to 40 per cent by converting non-voting debentures into voting stock.

And the succession? He denies he is deliberately running a competition for the succession between his three children – Elizabeth, who is direct of programmes at BSkyB, Lachlan, who runs News Corp's Australian newspaper interests, and James.

"They are running against each other and I'm too weak to say it's you and not you. In fact they are enormously close. They will get together and they will work it out," he says.

But as he heads for the final stretch of his business career, he asks to be judged on "the totality" of what he has achieved.

He knows he is a controversial figure worldwide – ruthless is an adjective often used by former associates. Biographers such as Mr William Shawcross have accused him of often taking businesses downmarket in search of commercial success rather than creating anything of quality. He is well aware that for some he is a hate figure.

"It may be a minority but there is a fair element of the chattering classes really hate me and think I am an evil force," he says. "It's a combination of reaction to past excesses of The Sun and Wapping. But I don't think there was an easy or comfortable way of doing Wapping."

In business terms he would like to see a News Corporation which is consistently one of the best creators of all forms of information and entertainment software. The old newspaperman in him would also like to see The Australian and The Times as "unarguably the best".

But most of all Mr Murdoch would like to be remembered for an approach, a characteristic, rather than any single achievement. "I hope I have been a catalyst for change – change for the good," he says. "I would like to be thought that."

Impossible dream of fiscal virtue

In the long run

No tenet of international economic orthodoxy is held more dear than the belief that governments *should* exert greater control over the amount they borrow. From calls for a balanced budget amendment to the US constitution to plans for a "stability and growth pact" in Europe, fiscal correctness is all the rage.

Since the 1970s the governments of most industrial countries have allowed their spending to outstrip tax revenues year after year. As a result, they have accumulated debt as they meet the shortfall through borrowing.

But in the preceding 150 years governments for the most part avoided going too far into the red, except during times of war and depression. Now policymakers would like to revisit this golden era of fiscal virtue.

Armed conflicts have long exerted the biggest influence on public finances. The French government's budget deficit rose sharply, to well over 5 per cent of national income, during its war with Prussia in 1870-71. The American civil war pushed the US budget deficit as high as 15 per cent of national income in the 1860s, raising public debt from negligible levels to 45 per cent of national income in 1865.

The first and second world wars had a dramatic impact on the public finances of a much wider range of countries: most of the participants saw their budget positions move sharply into the red, with the UK government's deficit ballooning to almost 50 per cent of national income.

But borrowing in wartime makes good sense, to cope with the heavy government spending that military action demands. UK public spending rose to more than 60 per cent of national income in the first world war and 70 per cent in the second. Taxes went up – but could not rise nearly enough to balance the budget if people were still to be willing to work for the war effort.

The price of "tax smoothing" during wartime is big public sector debt burdens, which impose a cost in future years of servicing these debts. As a proportion of national income, gross government debt peaked after the second world war at nearly 300 per cent in the UK, 200 per cent in Japan, 150 per cent in Canada and 130 per cent in the US.

But fiscal orthodoxy was sufficiently entrenched that wartime debt burdens were reduced quickly – although sometimes by accident as much as design. The borrowings built up by most governments in the second world war were sharply reduced by 1960, but in part this was because unexpectedly high inflation eroded the real value of the debt. In the US inflation alone reduced the ratio of federal debt to national income by 40 percentage points between 1945 and 1955.

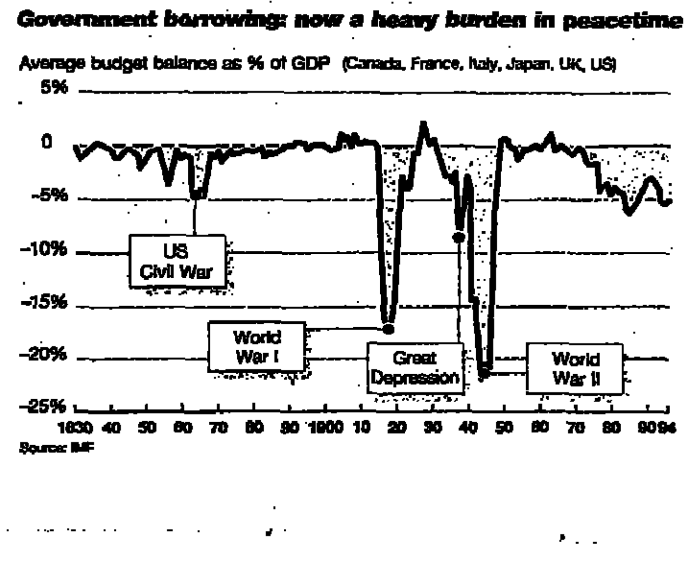
Leaving aside the war years, however, there has been a marked upward trend in public spending as a share of national income since the 1930s. The great depression and the second world war raised expectations of the services that governments should provide. And as countries became richer, their voters demanded that spending on services such as health, education and the safety net provided by the social security system should increase faster than national income.

Until the 1970s the increase in public spending did not push government borrowing significantly higher, since tax revenues increased in line with rising expenditure. But then things started to go wrong, with the cost of some programmes beginning to rise faster than voters were prepared to pay for them.

"There has been a ratcheting-up process whereby miscalculations have led to benefits that turned out to be more expensive than originally envisaged, but proved difficult to restrain because of an established sense of entitlement," argue Paul Masson and Michael Mussa at the International Monetary Fund.

Two of the strongest factors behind this pressure on spending were the big rise in the cost and quantity of public healthcare provision and a sustained increase in European structural unemployment. Europe's social security systems were never designed for the jobless rates of 8 per cent or above which afflicted the continent from the 1980s onwards.

Government borrowing: now a heavy burden in peacetime



Source: IMF

As spending rose rapidly in the 1970s, the industrialised economies were simultaneously finding it more difficult to generate tax revenue. Economic growth had slowed after the period of healthy expansion in the 1950s and 1960s.

At the time many economists blamed a shortage of demand in the economy. But with the benefit of hindsight, most now see the 1970s as the start of an enduring slowdown in productivity growth that was worsened by the oil shock early in the decade.

"A wide variety of expectations concerning the real growth of both private incomes and public services have had to confront the reality of slower growth of real resources to meet these expectations," Messrs Masson and Mussa argue. "The growth of public sector deficits may partly reflect the failure of the political system to resolve this confrontation."

With the industrialised world in one of its weakest cyclical upturns in living memory, governments are still struggling with this expectation gap. The fiscal challenge posed for coming decades by the need to finance pensions for the baby-boom generation has made closing that gap even more urgent.

Robert Chote

FINANCIAL TIMES
December 24 / December 25 / December 26

Peru terrorists appear set for long stand-off

By Sally Bowen in Lima

Terrorists holding about 140 hostages in the Japanese ambassador's residence in Lima appeared set yesterday for an extended siege after the release on Sunday night of 225 captives.

Following the release, the leader of the Tupac Amaru Revolutionary Movement (MRTA) terrorists said the "confrontational stance" taken by Peruvian President Alberto Fujimori had blocked the way forward in the crisis.

Mr Fujimori, speaking on Saturday, said "a considerable time" was needed to resolve the siege, but that there was no question of negotiations before the terrorists surrendered their arms.

An MRTA communiqué, read by Mr Sandro Fuentes, a former labour minister, after his release, made clear the terrorists were retaining all hostages they considered important bargaining chips.

They include the Peruvian ministers of foreign affairs, justice and agriculture, senior members of the judiciary and high-ranking police and military officers. Several Japanese and Peruvian businessmen and Latin American diplomats are also being held.

The 11-point communiqué from the operation's commander – Mr Nestor Cerpa Cartolini – made clear the terrorists' demands had changed little since the siege began last Tuesday night. Their chief objective was to secure the release of imprisoned colleagues.

"Were Mr Fujimori to decide on a military solution, he will find in every Tupac Amaru militant the same disposition and heroism as always," it said.

Freed hostages said the 20 or so terrorists were well armed and well trained. Some said Japanese businessmen inside the compound had been asked for financial contributions.

The freed Austrian ambassador to Lima said each terrorist had 15kg of explosive strapped to his body, attached to a small ring. "Had they pulled that ring, nothing much would be left of the Japanese residence today."

Those freed included the Cuban and Panamanian ambassadors, four former Peruvian cabinet ministers, the commercial counsellor from the US embassy, and two Britons, Mr Roger Church, deputy head of mission at the British embassy, and Mr David Griffiths, a hotel manager.

Mr Church told a news conference: "I hope it will be resolved through negotiation. That is the only way out . . . There is not going to be a violent solution to this at all."

Continuing negotiation rather than an attack on the besieged Japanese ambassador's residence remains the best option, according to European anti-terrorist experts.

Vatican attacks hotline for tax fraud informants

By Robert Graham in Rome

An Italian government hotline set up to encourage people to inform on tax and social security fraudsters has provoked a public outcry and a fierce attack from the Catholic church.

Tax evasion and social security fraud are a national sport in Italy, in which the state loses an estimated L250,000bn ($163.6bn) a year – up to a third of total tax levied.

Last week the authorities introduced a nationwide hotline to denounce tax evasion. People are invited to dial 117 free of charge and inform the Guardia di Finanza, the financial police, about any tax or social security abuses.

In its first four days the line took more than 3,500 calls. By the weekend the Guardia di Finanza had made its first arrests from the tip-offs.

Mr Giulio Tremonti, finance minister in the 1994 Berlusconi government, which extended an amnesty to tax evaders, described the move as being of "dubious morality". The Roman Catholic Church condemned the hotline as "immoral" in an article in the Osservatore Romano, the Vatican's newspaper.

Mr Viktor Uckmar, a tax expert, said the move was reminiscent of 15th century Venice when "there was a special postbox to denounce tax evaders".

The prospect of people conducting *vendettas through* anonymous denunciations has provoked most concern among politicians and commentators.

Shopkeepers, generally regarded as the most adept at tax evasion, have protested loudest. "Citizens' rights must be fully guaranteed and one cannot regard the undoubted good faith of the Guardia di Finanza in this respect as sufficient," said Confersercenti, the traders' association.

This concern has prompted Mr Vincenzo Visco, finance minister, to issue instructions to the Guardia di Finanza to ignore all anonymous calls.

The Guardia di Finanza later said only 10 per cent of the calls received were anonymous, and added: "We've been receiving anonymous calls long before the 117 service was introduced."

The service, first suggested two years ago, was given the go-ahead by the centre-left government in an effort to boost tax revenues and combat widespread tax evasion.

The problem in Italy is not so much identifying tax evasion as nailing the culprits. *Finance ministers normally* conclude that the only secure way of obtaining money from tax-evaders is to offer an amnesty. There have been two in the past decade.

Singapore party certain of victory

Continued from Page 1

tronics products, economic growth this year is predicted at 6 per cent, down from 8.8 per cent last year.

In addition, many young people – while enjoying incomes that have overtaken those in Singapore's former *colonial master*, the UK – have begun to seek changes to the highly disciplined way of life.

The opposition Singapore Democratic party has found some resonance for its argument that the economy and society would be more effective in the information age if greater public debate were sanctioned.

Mr Goh has acknowledged that young people gripe about the staid rigidity of a state which still bans the sale of chewing gum.

He said: "We should encourage roadside portrait artists, calligraphers and open-air performances. We should bring back exotic crafts like snake-charmers. We can do with more spontaneity and creativity, and a more interesting nightlife."

His "Singapore 21" platform also makes more traditional promises. Subsidised housing is to increase, as will educational grants and computers in schools.

But such promises are being mixed with admonitions. Ministers toured constituencies *over the weekend telling* people that if they voted for the opposition their residential areas would not be eligible for generous government renovation schemes.

UK interest rates expected to rise within two months

By Robert Chote in London

Mr Kenneth Clarke, the chancellor, is expected to raise UK interest rates again within the next two months, after yesterday's release of minutes from *his* October 30 meeting with the governor of the Bank of England.

Mr Clarke agreed at the meeting to raise rates by a quarter-point to their current level of 6 per cent. The minutes show "he saw no case for a larger rise".

But Mr Eddie George, the governor, warned Mr Clarke that a quarter-point increase "might well not be enough to moderate the upswing sufficiently to restore a better-than-evens chance of achieving the inflation target over the next two years". He said rates would probably have to rise again.

However, he said a quarter-point increase could help "reduce the size and speed of the rise in rates that might eventually be necessary". The minutes left the markets convinced rates will rise *soon*. The short-sterling futures market suggests that dealers expect base rates to stand between 6.5 and 6.75 per cent by March.

Expectations of higher rates helped *buoy* the pound, which closed 0.4 points higher at 94.5 per cent of its 1990 value.

Surveys suggest three economists in five expect base rates to rise after the next meeting between the two on January 15.

But yesterday's minutes show the chancellor waited before raising rates last time to see the third quarter gross domestic product figures. This suggests he might now wait until February to see the fourth-quarter figures.

Delay would also allow the chancellor to see whether last month's record fall in unemployment was the beginning of a new trend and to examine the retail sales figures for the key Christmas trading period.

Impossible dream, Page 11

Brussels row over air slots

Continued from Page 1

would not have the financial advantage to start with".

Instead, Mr Van Miert wants *profits from the trade diverted* to airport authorities.

EU officials admit the row has been complicated by the proposed alliance between American Airlines and British Airways. The airlines want to sell some of the 168 slots the British Department of Trade and Industry has told them to cede to compensate for the alli*ance's threat to competition.*

Mr Van Miert has rejected the sales, pointing out that other airlines have had to give up slots for no gain as a condition of alliances.

THE LEX COLUMN

The slot market

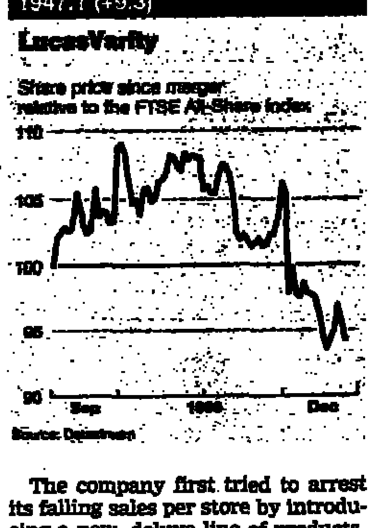
The current spat between Mr Neil Kinnock and Mr Karel Van Miert, European transport and competition commissioners respectively, has huge implications for European airlines. Quite rightly, Mr Kinnock wants the current under-the-counter trading of slots to be formally permitted so a proper market can develop. Mr Van Miert, by contrast, is worried that this could hand large windfall gains to incumbent airlines. Therefore, if slot trading was formally recognised, he suggests, the proceeds should go not to the airline but to the airport.

This is a lousy idea. The consequences are obvious: slots would never be traded since airlines would always prefer to use them than give away their value to airports. So new entrants, whom Mr Van Miert purports to be fighting for, would never stand a chance. And the whole purpose of allowing slot trading – to encourage them to be more efficiently used – would be defeated.

As for the alleged windfall gains, incumbent airlines already enjoy these in the form of the profits they make using the slots. Allowing open slot trading would simply make it easier for airlines to capitalise these profits upfront. But equally, slot values would probably have to be included in airline balance sheets. This is not the windfall Mr Van Miert suggests; on the contrary, it is likely to create strong pressure for underused slots to be sold. Again, new entrants would be the beneficiaries.

Mr Van Miert is doubtless embarrassed that allowing slot trading would show up the nonsense of previous competition rulings, when slots have had to be given up for nothing. But two wrongs do not make a right. Mr Kinnock should stick to his guns.

FTSE Eurotrack 200: 1947.1 (+9.3)



Source: Datastream

McDonald's

Can it be that a combination of salty ketchup and limp lettuce leaves is corroding the fabled golden arches? The world's best known consumer brand is having to face the unpalatable truth – US diners are losing a taste for its burgers. And it is not only the customers who would rather visit Wendy's or Burger King but the stock market too. In a year when the Dow Jones Industrial Average has risen by 27 per cent, with top-notch consumer stocks such as Coca-Cola and Gillette outperforming handsomely, McDonald's has offered all the appeal of a frazzled burger.

The company first tried to arrest its falling sales per store by introducing a new, deluxe line of products. Now it is tampering with the holy grail – trying to improve the taste of core products like Big Macs and Quarter pounders. No more microwaving of lettuce, less spice in the ketchup, less over-cooking of the meat. Given perceived quality problems, the management had little choice. But it will still need to step carefully. After all, it was similar concerns that led Coke into the disastrous New Coke debacle back in 1985.

Of course, all is not lost for McDonald's. The brand remains immensely powerful. International expansion, where margins are better, will continue to fuel double digit earnings growth. But Wall Street is likely to remain lukewarm until like-for-like sales stop falling. Given that new store openings are clearly cannibalising existing sales, it may be time for McDonald's to take its rampant growth culture off the grill, at least in the US.

LucasVarity

If it looks like a takeover, smells like one and tastes like one, it probably is a takeover. Former Lucas executives may have their hands on some operational levers in the newly merged LucasVarity, but at the strategic level Varity has clearly achieved a reverse takeover – a fact confirmed by the departure yesterday of Mr John Grant, the finance director.

Concern, however, that Varity avoided paying a takeover premium is misplaced. Lucas shareholders did benefit as the share price ran up from 170p to 240p in the wake of the merger talks announcement. And given the need for rationalisation in the sector, Lucas was negotiating from a position of weakness rather than strength. Indeed, Lucas shareholders should be grateful on two counts: first, the merged unit has a stronger chance of flourishing in a fast-consolidating market than Lucas did alone. Second, their interests look in better shape under Mr Victor Rice, the new chief executive and a committed advocate of shareholder value. At Lucas, by contrast, product development sometimes seemed to matter more than shareholder returns.

There are, however, no quick fixes available. As the recent announcement of large job cuts and £130m asset write-downs confirm, markets remain difficult. Longer term, LucasVarity still has to show that synergies on paper can be translated into consistent profits growth and a strong industry presence. But it at least has a shout where formerly neither Lucas nor Varity had a prayer.

Northern Electric

Northern Electric's capacity to excite controversy never ceases to surprise. Prudential Corporation, which has a big stake in Northern and is staunchly backing the management, is behind the latest twist. The Pru has started offering to buy Northern's suspended shares at the bid price, presumably in the hope that nervous shareholders will take the cash and withdraw their acceptances. The Pru's actions make no sense unless its purpose is to kill the bid. And with CalEnergy only holding a sliver more than 50 per cent, it could conceivably succeed.

None of this is against the rules. But it leaves a sour taste. Not least, if the bid did fail, shareholders without access to the Pru's extravagant offer would have good reason to feel aggrieved.

But the more important question is whether the Pru is acting in its own policy-holders' best interests. However one looks at it, the insurer *is taking a colossal gamble – that* following its hoped-for collapse of the CalEnergy bid, a higher bid, perhaps even from CalEnergy itself, would emerge. Well, maybe. But if the Pru were successful in killing the bid, the market would be in just as good a position to judge the odds. So if, as most expect, the share price were to collapse, the Pru would have a great deal of explaining to do.

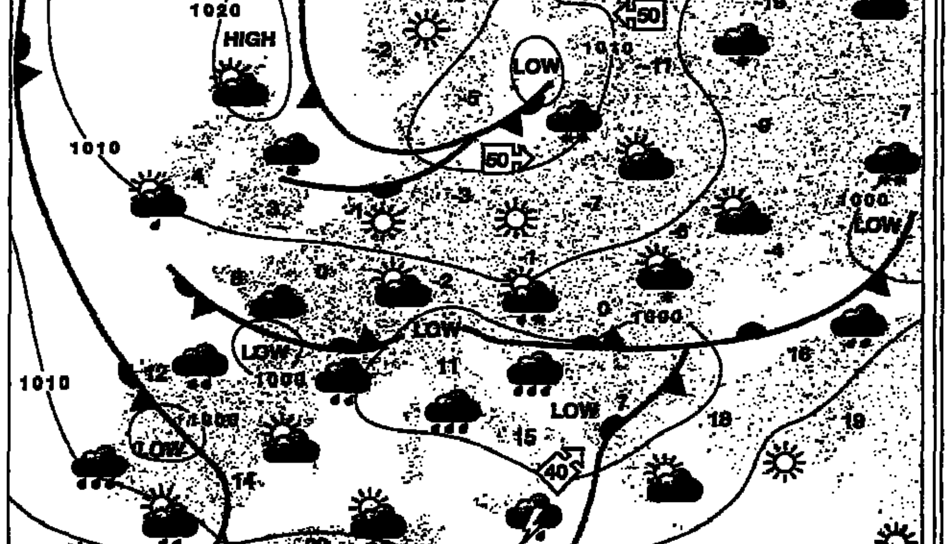
FT WEATHER GUIDE

Europe today

The area north of a line drawn from central France to northern Italy and east to the Black Sea will be wintry. Scandinavia will be cloudy. Southern Sweden and Finland will have plenty of snow. Temperatures in the most northerly parts of Europe will reach maximums of only -10C to -20C. Southern France and western Spain will be overcast with rain. Southern Italy and Greece will be cloudy with some heavy rain. The Mediterranean will have temperatures as high as 15C-20C.

Five-day forecast

Greece and Turkey will be cloudy with periods of heavy rain. Most of western Europe will have wintry conditions.



TODAY'S TEMPERATURES

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

	Maximum	Beijing	sun 5	Caracas	fair 29	Faro	shower 15	Madrid	rain 9	Rangoon	fair 32
	Celsius	Belfast	cloudy 3	Cardiff	sun 3	Frankfurt	fair -1	Majorca	fair 16	Reykjavik	cloudy 4
Abu Dhabi	fair 24	Belgrade	rain 3	Casablanca	shower 20	Geneva	shower 8	Malta	fair 18	Rio	shower 31
Accra	fair 31	Berlin	fair -3	Chicago	fair -4	Gibraltar	shower 16	Manchester	fair 2	Rome	rain 16
Algiers	shower 20	Bermuda	fair 22	Cologne	sun -1	Glasgow	fair 2	Manila	shower 31	S. Frsco	fair 13
Amsterdam	fair -1	Bogota	thund 20	Dakar	fair 25	Hamburg	snow -1	Melbourne	sun 22	Seoul	cloudy 5
Athens	shower 19	Bombay	sun 34	Dallas	sun 9	Helsinki	snow -9	Mexico City	fair 19	Singapore	shower 32
Atlanta	fair 6	Brussels	cloudy -2	Delhi	sun 24	Hong Kong	sun 23	Miami	thund 27	Stockholm	snow -5
B. Aires	fair 31	Budapest	snow -2	Dubai	fair 25	Honolulu	fair 27	Milan	shower 7	Strasbourg	snow 0
B.ham	cloudy 1	C.hagen	snow 0	Dublin	cloudy 4	Istanbul	shower 17	Montreal	rain 7	Sydney	fair 27
Bangkok	fair 33	Cairo	sun 24	Dubrovnik	rain 12	Jakarta	shower 31	Moscow	cloudy -9	Tangier	fair 17
Barcelona	cloudy 14	Cape Town	fair 25	Edinburgh	fair 3	Jersey	fair 4	Munich	fair -2	Tel Aviv	sun 23
						Karachi	fair 28	Nairobi	thund 27	Tokyo	fair 12
						Kuwait	sun 24	Naples	rain 15	Toronto	snow 1
						L. Angeles	sun 19	Nassau	fair 27	Vancouver	shower 4
						Las Palmas	fair 21	New York	rain 13	Venice	shower 9
						Lima	cloudy 24	Nice	shower 15	Vienna	cloudy -4
						Lisbon	shower 13	Nicosia	cloudy 19	Warsaw	sun -6
						London	fair 3	Oslo	sun -1	Washington	rain 14
						Lux.bourg	cloudy -4	Paris	fair 0	Wellington	fair 19
						Lyon	rain 6	Perth	sun 27	Winnipeg	sun-21
						Madeira	fair 19	Prague	cloudy -8	Zurich	shower 9

FINANCIAL TIMES
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IN BRIEF

Ina plans alliance with Italian bank

Ina, the partially-privatised Italian insurance group, revealed plans for a wide-ranging alliance with Banca Nazionale del Lavoro, the treasury-owned bank, that could transform Italian banking. The two groups are basing their plans on a successful outcome to their attempt to buy a 60 per cent stake in Banco di Napoli, *bids for* which closed on Friday. Page 14

LucasVarity finance director departs

Mr John Grant (left), finance director of LucasVarity, the Anglo-US automotive and aerospace components group, is to leave the group less than four months after the £3.2bn ($5.34bn) merger of the UK's Lucas Industries and Varity Corporation of the US. The company said Mr Grant – the last executive director of Lucas to sit on the LucasVarity board – had agreed to resign after it was decided he did not have the "international aptitude" for the job. Page 16; Lex, Page 12

Huhtamaki bids farewell to drug sector

Huhtamaki, the Finnish international foods group, completed its withdrawal from the pharmaceuticals business with the announcement of the sale of its Star ophthalmics division to Santen Pharmaceutical of Japan, the world's second-largest prescription ophthalmic drugs company, in a FM430m ($92.7m) deal. Page 15

Burger battle starts to sizzle

According to Mr Robert Lowes, Burger King chairman and chief executive, the once-troubled Burger King has McDonald's, its much larger rival, on the run. Recently, Burger King's sales have outperformed its rival's and it is planning to accelerate its expansion outside the US to challenge McDonald's on more fronts. Page 14; Lex, Page 12

British Gas strikes new supply deal

British Gas completed talks on altering its "take-or-pay" gas contract with the UK subsidiary of Mobil of the US, its second successful renegotiation with a North Sea producer. Under the take-or-pay contracts, British Gas is forced to buy supplies it cannot sell. Page 16

BA to pay £6m in Inspirations suit

British Airways has agreed to pay £6m ($10m) to Inspirations, the UK tour operator, to settle a claim made against it by Caledonian Airways, which is owned by Inspirations. Page 16

Novartis shares decline on debut

Shares in Novartis, the Swiss pharmaceuticals company formed from this year's merger of Ciba and Sandoz, made their debut in Zurich but fell in thin trading. The registered shares closed at SFr1,488 and the bearers at SFr1,485, after both opened at SFr1,502. The SMI index fell 14.6 to 3,875.5. Page 30

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BASF	58.70	+	0.71
[illegible]	78.50	+	1.70
[illegible]	93.70	+	1.70
Falls			
Henkel	75.20	-	1.70
[illegible]	340	-	8
[illegible]	598.10	-	8.80
NEW YORK ($)			
Rises			
Crescent Real	50⅝	+	1⅜
Grace WR	55⅜	+	1⅝
Thermo Elec	38⅜	+	1⅝
Falls			
AirGas	21⅛	-	2⅞
Cabletron	37⅛	-	3⅛
[illegible]	11⅝	-	2⅝
LONDON (Pence)			
Rises			
Aspen Comms	120	+	21
Fine Art Dev	234	+	15½
DBC Intl	116	+	41
[illegible]	192½	+	14
Falls			
Brake Bros	575	-	180½
Ivory & Sime	251½	-	15½
TORONTO (C$)			
Rises			
[illegible]	8.0	+	1.45
[illegible]	22.75	+	1.4
[illegible]	17.5	+	1.5
Falls			
[illegible]	0.61	-	1.18
[illegible]	37.5	-	3.3
[illegible]	14.0	-	1.1
PARIS (FFr)			
Rises			
[illegible]	2342	+	111
[illegible]	665	+	58
[illegible]	1050	+	60
Falls			
Comptoirs Mod	2910	-	110
[illegible]	8130	-	170
[illegible]	751	-	148
HONG KONG (HK$)			
Rises			
Cheung Kong	69.75	+	2.75
[illegible]	32.9	+	1.5
Henderson Land	75.75	+	1.75
Hutchison	61.75	+	1.5
New Wrld Dev	51.75	+	3.05
Falls			
CDL Hotels	4.3	-	0.2
BANGKOK (Baht)			
Rises			
[illegible]	35.25	+	3.0
[illegible]	48.0	+	5.0
Tisco	32.25	+	3.0
Falls			
[illegible]	40.5	-	4.5
[illegible]	60.0	-	6.5
[illegible]	70.0	-	5.0

Tokyo closed. New York and Toronto prices at 12.30pm.

Crédit Agricole speeds Suez deal

French mutual bank takes 100% of Banque Indosuez for FFr11.9bn

By David Buchan in Paris

Crédit Agricole, the French mutual bank, is to speed up the shift of its corporate banking and international capital market activities to Banque Indosuez.

The move follows Crédit Agricole's decision to take full control of the investment bank from the Suez group earlier than originally planned.

Mr Lucien Douroux, head of Crédit Agricole, said grouping these activities under Indosuez, whose identity would be preserved, would allow for "unified trading rooms with unified teams with world responsibility for products". Abroad, the reshuffle would chiefly affect London, New York and Hong Kong, he said.

Over the weekend, Crédit Agricole and the Suez group announced they would speed up their deal, struck last summer, under which Crédit Agricole bought 51 per cent of Indosuez and planned to buy another 29 per cent in 1997, leaving Suez an option to sell its remaining 20 per cent in 2000.

In a joint communique, Crédit Agricole and Suez said they had agreed that Crédit Agricole should take 100 per cent of Indosuez as of yesterday, for a total price of FFr11.9bn ($2.26bn). This is slightly higher than Indosuez's FFr11.79bn valuation last summer, and the communique said the price increase was the result of "interest on the fraction of capital paid end-1996".

Mr Gérard Mestrallet, head of Suez, said he was willing sell earlier because integrating Indosuez into Crédit Agricole was proving easier and quicker than anticipated.

However, the sale also represents Mr Mestrallet's desire to speed up the restructuring of his financially troubled holding group – which also controls Société Générale de Belgique, Belgium's largest holding company – mainly around provision of public services and specialised financial products.

Yesterday, Suez announced that its wholly owned subsidiary, Suez Industrie, was negotiating to sell its 51 per cent stake in the salt producing Compagnie des Salins du Midi et des Salines de l'Est to Morton International, which is the biggest US salt producer.

Compagnie des Salins has a market capitalisation on the Paris cash market of about FFr1bn and an annual turnover of FFr1.3bn. By acquiring Compagnie des Salins, which is Europe's biggest non-chemical salt company, Morton would become the world leader in this sector.

Suez said it would make a capital gain of FFr300m on its total sale of Indosuez and that its 1996 accounts would reflect this. It showed a FFr772m profit in the first half of this year.

Suez now has about FFr5.5bn cash on hand from various recent asset sales. But it is still burdened with many non-performing property loans and investments, though it is negotiating with Goldman Sachs for a bulk sale of some of this at a discount.

Bleak days ahead for forex traders

Electronic broking and less volatile currencies have hit the business hard

When foreign exchange traders are begging on London streets, the new joke goes, they won't care which currency is thrown at them.

Cruel that may be, but 1996 has been a bad year for forex dealers. Hundreds have lost their jobs and more are expected to follow soon. "There's going to be another 30 per cent less currency traders in London," says the head of foreign exchange at one leading bank. He will probably shed that proportion soon, he adds.

Half the North American banks active in the currencies industry could depart from it in the next three to five years, according to participants at the Forex USA conference in Washington in October.

But some heads of foreign exchange say that, while life is tough now, it will improve.

This year various banks closed some of their currencies operations, mostly those based in their foreign branches.

Bank of America and NationsBank cut dozens of employees in London, retrenching in part to their US home bases. HSBC Midland, the UK bank, closed its marketmaking operations in New York. Paribas Capital Markets of France retreated to Paris. SBC Warburg, which had about 200 currency traders worldwide three years ago, now has about 100. Foreign exchange heads forecast a further big cull at Citibank, the leader in spot foreign exchange trading.

All agree on the two main reasons for the cuts. The first is machines.

EBS and Reuters have produced electronic broking systems which quote up-to-the-second prices for all leading currencies from hundreds of banks, and which can execute orders. The machines have steadily gained market share, despite forecasts that most traders would continue taking prices from the "voice brokers" on the grounds that "a computer can't buy you a beer".

On EBS's first day, in 1993, traders executed $1bn worth of trades on the system. One day last month, they executed $73bn worth.

Secondly, many leading currencies are less volatile now than at any time since 1973, when exchange rates began floating. Mr Ian Granne, currencies trader at Schroders, the merchant bank, points out that the dollar has moved in a range of just 14 pfennigs against the D-Mark this year, and a band of only Y11 against the Japanese currency, compared with Y25 in 1995.

End of a tough year: hundreds of foreign exchange traders have lost their jobs and more are expected to follow soon Tony Andrews

With prices almost static, there is little money to be made betting against particular currencies.

Christmas bonuses this year are likely to suffer, although sterling – the only major mover on the market – has helped some dealers. It has appreciated about 11 per cent against a trade-weighted basket of currencies since August, and its bull run was interrupted by a spectacular plunge early this month.

But on the whole, says Mr Olivier Dyer, head of foreign exchange Europe at Paribas, "it has been a difficult year for the markets". Central banks have got wise. They no longer target unsustainable exchange rates, which offered speculators *scope for attacks.*

The foreign exchange industry expanded vastly in 1993 and 1994 thanks to profits made from ousting sterling and the lira from the European exchange rate mechanism in 1992. Traders made £3bn from the Bank of England's bid to *stabilise the pound.*

But the ERM has been stable this year, and if European monetary union arrives a whole swathe of currencies will disappear altogether. Middle-ranking continental European banks, whose "home" currencies are due to vanish, are forecast to suffer most in their foreign exchange divisions. Mr Jim O'Neill, chief currency economist at Goldman Sachs in London, said: "If the euro happens, I can't see why many banks would want to have currency traders in Paris or Brussels."

When asked about the future, heads of foreign exchange all use the same buzzwords: sales and emerging markets. "Spot trading? Forget it," says one.

"Sales" means serving customers, mainly companies and fund managers, who use foreign currencies to trade and invest. US banks such as Goldman Sachs also number among their customers many hedge funds, forces in the market since Mr George Soros, the founder of the Quantum fund, made $1bn betting against sterling.

With world trade and foreign investment growing fast, banks can rely on customer sales to grow even as interbank trading erodes. Customers want services that help them manage their currency risk. Banks hope to sell them increasingly complex options.

Exotic currencies are considered the other bright light for the industry, because they are volatile, while trade and investment flows to developing nations are strong. Many a trader now selling D-Marks against the French franc hopes to find a new job trading Malaysian ringgits and Thai bahts when Emu arrives.

But Mr Andy Siciliano, head of foreign exchange at SBC Warburg, believes many banks are too optimistic about the new markets. "Some of these guys are going to get killed," he says. "How much can you make on non-deliverable currencies and the like?" It can be hard to reach customers in a country such as China, and it is not enough to offer just trading services. Hedging and other products will be needed.

Mr Siciliano predicts that in three years only six or so banks will still have global currencies trading operations. That should mean easier profits for the survivors, which will beef up their sales sides and offer currencies services to regional banks. But most predict things will get worse before they get better.

Simon Kuper

Largest UK investor tries to defeat CalEnergy power bid

By Simon Holberton in London

The £782m ($1.3bn) hostile bid by CalEnergy of the US for the UK's Northern Electric took an extraordinary turn yesterday when Prudential Corporation, Britain's biggest investor, attempted to defeat the bid by offering cash to investors which had already accepted the terms.

Trading in Northern's shares was suspended yesterday pending the outcome of its appeal to the Takeover Panel, the UK takeover watchdog, about the extension of CalEnergy's offer until 1pm today.

It was unknown how many shares, if any, Prudential acquired yesterday, but it was said to be offering 650p a share – CalEnergy's bid price – to any shareholders prepared to revoke their acceptances of the offer, which can be done up to the time the offer is declared unconditional.

Prudential would not comment. However, the institution has backed the Northern board throughout the bid and believed CalEnergy's 650p offer was not high enough.

CalEnergy said it had so far received acceptances for 50.9m shares, or just 50.13 per cent of Northern. *Prudential would* have to buy 132,033 shares to defeat the bid.

The US bidder urged shareholders to accept its final offer. This would "accelerate the receipt of their cash and demonstrate their view of the events at issue", it said.

The City of London was surprised that Prudential was taking such a high profile and partisan stance. One utilities analyst said that because Prudential's offer was not a general one to the market, some shareholders "not in the loop" were at a disadvantage.

Prudential entered the market at the same time as Northern was fighting for its independence at a Takeover Panel hearing. The electricity company won the right to appeal against a decision by the panel late on Friday to extend CalEnergy's bid until 1pm today. An *outcome of the appeal* is hoped for today.

If Northern wins its appeal then it may retain its independence. At the time of the original close of CalEnergy's offer on Friday, the US group had received acceptances for only 49.77 per cent of Northern.

Barclays de Zoete Wedd, Northern's broker, however, lost its appeal against a panel decision that it should not be paid a £250,000 *performance-related* bonus.

Deutsche Bank loses top credit rating from Moody's

By Wolfgang Münchau in Frankfurt and Richard Lapper in London

Moody's Investors Service, the credit rating agency, yesterday downgraded Deutsche Bank's long-term credit rating from its highest triple-A rating to Aa1. The move is a blow to Germany's largest bank, which was one of a diminishing band of banks to enjoy a triple-A rating from all the biggest international rating agencies.

The downgrading affects Deutsche Bank and all its subsidiaries, including Morgan Grenfell, the UK investment bank. Moody's said the fragmentation of the German banking market, fierce international competition and the stress on investment banking were adding "elements of uncertainty" which "are not compatible with the highest ratings".

Only Rabobank of the Netherlands, UBS of Switzerland and some of the German Landesbanks, or state banks, now have triple-A ratings from Moody's, Standard & Poor's and IBCA. Last month, S&P placed UBS on its watch-list for possible downgrade.

The average rating enjoyed by banks has drifted lower in recent years, according to Mr John Gibley, a director at Standard & Poor's in London. "Banking is becoming more global and banks are finding it hard to retain their triple-A status and satisfy shareholder demands for a higher return on equity," he said.

Deutsche Bank, which retains its triple-A ratings from both Standard & Poor's and IBCA, yesterday said of Moody's decision: "This rating confirms the high soundness of Deutsche Bank, which is one of the strongest financial groups of the world. Deutsche Bank is convinced that the new rating will not result in a sustained increase in financing costs."

Moody's said it "continues to view Deutsche Bank as one of the world's strongest and better managed financial institutions". It said that a "key element of uncertainty for Deutsche Bank's future performance is generated by the bank's increasing challenges in its highly fragmented domestic market".

INTERNATIONAL NEWS DIGEST

Siemens to acquire Elektrowatt stake

CS Holding, the Swiss bank, said Siemens, the German conglomerate, would buy its stake in Elektrowatt AG's industrial operations for SFr1.1bn ($823.7m), or SFr285 a share. It said Siemens would then make a public offer for the remaining shares in Elektrowatt's industrial operations.

CS Holding said Siemens would buy the 44.9 per cent stake after the conclusion of the Elektrowatt spin-off of its utility operations into Watt. The spin-off will be proposed to the annual meeting on February 19. Elektrowatt's industrial operations after the Watt spin-off will be Landis & Staefa, Cerberus, Kummler & Matter, Vibro-Meter, Goehner Merkur, Landis & Gyr Utilities, Landis & Gyr Communications and Elektrowatt Engineering. Siemens would set a definitive takeover price after due diligence, and the public takeover offer is foreseen at the same price. The transaction was subject to approval by the various regulatory authorities.

In a joint statement, Siemens said it intended to centralise its worldwide building infrastructure and security technology operations with the Landis & Staefa, Cerberus and Landis & Gyr business units. Siemens also expected to expanded its worldwide electronic counter activities with the purchase. "This opens excellent future perspectives for the Elektrowatt Group and with that for the jobs among the combined activities," CS Holding said. The takeover would allow a number of advantages in research and development for both companies, they said.

Mr Heinrich von Pierer, Siemens chairman, said of the takeover offer: "The purchase of the industrial portion of Elektrowatt will bring Siemens to further leading positions in important business fields on the global market." Mr Rainer Gut, CS Holding chairman, said: "We are extraordinarily satisfied, that for both the utility as well as the industrial activities, tenable and promising solutions could be found." Mr Oskar Ronner, Elektrowatt chief executive said: "The agreed solution offers large industrial opportunities." *AFX News, Zurich*

FDA approval for Teva drug

Teva Pharmaceutical, the Israeli drugs group, has received marketing approval from the US Food and Drug Administration for Copaxone, for the treatment of patients with relapsing remitting multiple sclerosis. Teva said the drug would be available in the US in early 1997, and be launched in Israel by the end of this year. It has also filed for regulatory approval in the UK, Canada and other countries.

Copaxone will be marketed in the US by Teva Marion Partners, a partnership between Teva Pharmaceuticals USA and Hoechst Marion Roussel. The product will compete with drugs from Schering of Germany and Biogen of the US. *AP-Dow Jones, Jerusalem*

Warning from Renault chief

Mr Louis Schweitzer, Renault chairman, said he expected the European car market to decline in 1997, making the business environment for the automaker even more difficult than this year. "The fall should be in line with our forecast for the French market, which we see going from 2.1m units to 1.9m," he said in an interview with La Tribune, the French newspaper. *AFX News, Paris*

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com.

Ina, BNL plan link-up if Napoli bid succeeds

By Robert Graham in Rome

Ina, the partially-privatised Italian insurance group, yesterday revealed plans for a wide-ranging alliance with Banca Nazionale del Lavoro, the treasury-owned bank, that could transform Italian banking.

The plans are based on a successful joint bid to buy 60 per cent of the troubled Banco di Napoli, which accounts for 18 per cent of retail banking business in southern Italy.

Ina's decision to unveil the scheme yesterday, following last Friday's deadline for bids for Banco di Napoli, underscores the insurance company's confidence of securing the bank.

The only other bidder for Banco di Napoli is Mediocredito Centrale, the medium and long-term credit institution owned by the treasury. Mediocredito is understood to have placed a very low bid, simply to avoid being penalised for withdrawing from the contest.

The Ina-BNL consortium is thought unlikely to have offered more than L120bn ($78.5m). This low figure reflects the strong probability that the treasury will not subscribe to a new capital increase, and that the winners will have to inject some L1,000bn, thus acquiring complete control and satisfying the demands of European Union competition policy.

The treasury has already said it will transfer up to L12,000bn of doubtful loans off Napoli's balance sheet to a "bad bank" formed from a Banco di Napoli shell company.

Mr Romano Prodi, the prime minister, appeared to confirm this outcome in a newspaper interview, even though January 20 is the deadline for announcing the bid winner.

He also outlined Ina's strategy in the same interview. Ina would first move into banking via the Banco di Napoli deal, and then be the core shareholder for the privatisation of BNL itself, he said. This was confirmed by Ina.

Yesterday, Ina said that in the event of a successful Banco di Napoli bid, it would form a company with BNL on a 51:49 per cent basis. Under this arrangement, BNL would cede its life assurance arm, BNL Vita, with annual premiums worth L500bn.

Ina would also be able to use Banco di Napoli's 750 branches and the 650 BNL branches for selling insurance.

Ina insisted yesterday that these plans would have a "substantially neutral" effect on its 1997 balance sheet, but would be felt more in 1998.

As for BNL, it is believed that the bank will soon begin to show the effects of two years of restructuring.

Battle of the burgers starts to sizzle

One burger may taste much the same as another to the uninitiated. But can it be possible that Burger King's Whopper really does taste better than a Big Mac?

You might think so, to listen to Mr Robert Lowes, Burger King chairman and chief executive. Taste tests prove it's a superior product, he says. "It's the flame broiling. It gives it a much stronger taste and a much better taste. It's not a greasy, fried product."

The obvious sideswipe at McDonald's is hardly surprising. Although Burger King traces its roots to 1954, a year before the first McDonald's opened, the company has been left in the shade by its much bigger rival.

To give perspective, the McDonald's empire embraces more than 20,000 restaurants in 101 countries, and had sales of $30bn in 1995. Burger King has 8,700 restaurants in 56 countries, with systemwide sales of $9bn in the year to September.

According to Mr Lowes, however, the once-troubled Burger King has McDonald's on the run. Earlier this year, McDonald's launched a new range of deluxe burgers in the US with a $200m promotional blitz: yet it has suffered a 3 per cent decline in US same-store sales, while Burger King's have risen. In October and November, they shot up 8 per cent.

Not all the news is good. In the year to September, the scare over BSE, or mad cow disease, hit sales in the UK, Burger King's biggest market outside the US. As a result, overall trading profits were virtually flat at $258m.

But Mr Lowes says volumes in the UK are already back to their original levels, thanks partly to the recent launch of the meat-free BK Veggie Whopper. This, coupled with Burger King's momentum in the US and opportunities for expansion overseas, means the company's outlook is sizzling.

This was hardly the case a few years ago. In 1988 Burger King became part of the UK's Grand Metropolitan group when GrandMet bought Pillsbury, Burger King's US parent. For a while, it seemed to lose its way, undergoing several changes in management and strategy.

Mr Paul Clayton, head of marketing, says that in the late 1980s and early 1990s, Burger King was looking for a new product that would provide the key to growth. But three years ago it decided to return to basics by concentrating on the four elements that define fast food for the consumer: quality, service, cleanliness and value.

After that, Burger King belatedly caught on to the fact that its menu was too expensive, and cut prices. Advertising started to stress Burger King's market strengths: the flame broiling and "have it your way" choice of dressings. Then the company improved the size and quality of its products without increasing prices.

An early move by Mr Lowes, a GrandMet insider who took over at Burger King a year ago, was to halt the process of franchising out company-owned outlets. In the past, the gains on selling the franchises had given a cosmetic boost to Burger King's (and GrandMet's) bottom line – but the company-owned operation had shrunk to the point where it was no longer providing enough opportunities for up-and-coming managers.

Now, Burger King is building new company-owned stores in addition to those being opened by franchisees. The chain is growing fast: a record 756 outlets opened in the year to September, one-third of them outside the US. In the UK, Burger King signed a deal with Granada to open 75 restaurants at motorway service stations.

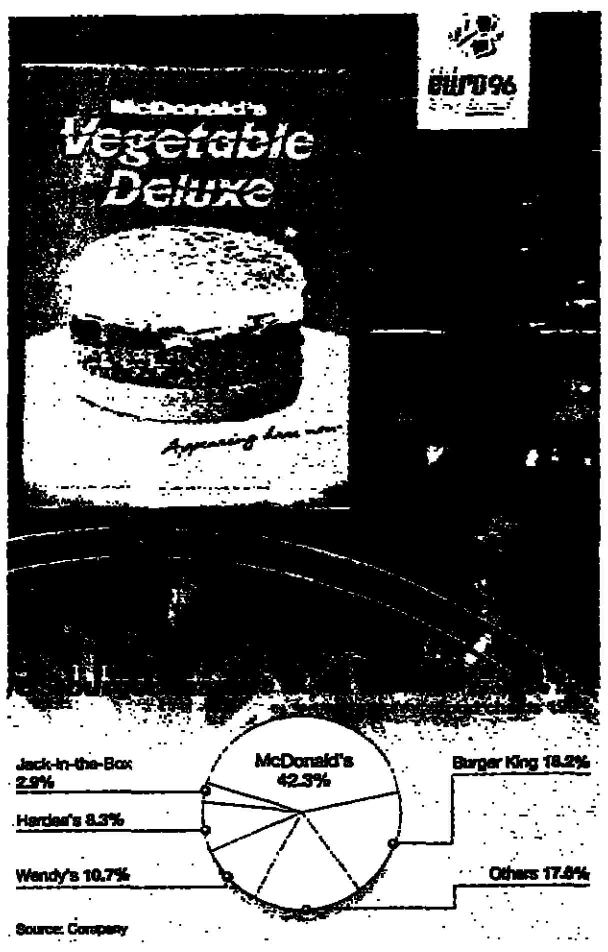
As Mr Lowes concedes, Burger King's most obvious weakness is its weak international exposure: it has only 1,800 restaurants outside the US, compared with nearly 8,000 for McDonald's. So the company is drawing up plans for an acceleration of its international expansion – but it is likely to focus on reaching critical mass in the countries where it is already present, rather than entering new markets.

"The world is so large, and each of the markets is so complex, that you don't want to stretch yourself thin or just plant flags around the world," Mr Lowes says. "At this point in time, we are more concerned about doing well in the markets we are in than how many different markets we enter."

Mr Lowes says experience has shown that Burger King can compete anywhere in the world with McDonald's. "It doesn't matter if they have got thousands of restaurants and we are so small: if we do a good job and do it right, we can be very, very successful against them. We are proving it in the US, and we have a number of markets where we are showing it can be done. We just need to take it to the next level."

Lex, Page 12

Richard Tomkins



Source: Company

Roche to pay $94m for RPR brands

Roche, the Swiss pharmaceuticals group, said it would buy the European vitamin and tonic brands of Rhône-Poulenc Rorer, the US-listed drugs group controlled by Rhône-Poulenc of France, reports AFX News in Zurich.

The transaction would include the sale of product rights and inventories in Germany, Switzerland and Poland for tonics, vitamins, and garlic supplements.

Lead brands to be sold include the Biovital line of tonics and Ilja Rogoff, a garlic supplement.

The 1996 sales of the brands were $60m, Roche said.

Rhône-Poulenc Rorer said it agreed to sell the various products to Roche for $94m.

"These products have been identified as not strategic to Rhône-Poulenc Rorer's self-medication business," it added.

"RPR will have realised about $850m from divestitures in 1996, which exceeds the 18-month target of $750m announced at the beginning of this year," said Mr Patrick Langlois, Rhône-Poulenc Rorer executive vice-president and chief financial officer.

"This transaction reflects our ongoing commitment to refocus our resources to areas deemed strategic to our future business."

Prices for electricity determined for the purposes of the electricity pooling and settlement agreement in England and Wales

1/2 hour period ending	Pool purchase price	Pool purchase price	Pool selling price £/MWh
0030	[illegible]	[illegible]	11.69
0100	[illegible]	[illegible]	11.71
0130	[illegible]	[illegible]	16.67
0200	[illegible]	[illegible]	16.67
0230	[illegible]	[illegible]	11.71
0300	[illegible]	[illegible]	11.72
0330	[illegible]	[illegible]	11.72
0400	[illegible]	[illegible]	11.71
0430	[illegible]	[illegible]	11.70
0500	[illegible]	[illegible]	11.70
0530	[illegible]	[illegible]	11.70
0600	[illegible]	[illegible]	11.69
0630	[illegible]	[illegible]	11.69
0700	[illegible]	[illegible]	20.12
0730	[illegible]	[illegible]	20.17
0800	[illegible]	[illegible]	20.31
0830	[illegible]	[illegible]	20.45
0900	[illegible]	[illegible]	20.63
0930	[illegible]	[illegible]	55.48
1000	[illegible]	[illegible]	55.66
1030	[illegible]	[illegible]	32.16
1100	[illegible]	[illegible]	21.09
1130	[illegible]	[illegible]	21.13
1200	[illegible]	[illegible]	21.17
1230	[illegible]	[illegible]	21.01
1300	[illegible]	[illegible]	20.74
1330	[illegible]	[illegible]	20.48
1400	[illegible]	[illegible]	20.45
1430	[illegible]	[illegible]	20.44
1500	[illegible]	[illegible]	20.45
1530	[illegible]	[illegible]	20.75
1600	[illegible]	[illegible]	27.20
1630	[illegible]	[illegible]	89.22
1700	[illegible]	[illegible]	188.60
1730	[illegible]	[illegible]	251.69
1800	[illegible]	[illegible]	212.38
1830	[illegible]	[illegible]	111.26
1900	[illegible]	[illegible]	58.39
1930	[illegible]	[illegible]	29.59
2000	[illegible]	[illegible]	23.04
2030	[illegible]	[illegible]	20.43
2100	[illegible]	[illegible]	20.14
2130	[illegible]	[illegible]	20.12
2200	[illegible]	[illegible]	20.11
2230	[illegible]	[illegible]	11.73
2300	[illegible]	[illegible]	11.69
2330	[illegible]	[illegible]	11.69
2400	[illegible]	[illegible]	11.69

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.89/MWh becomes 1.689p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0118 945 6789 between 8.30am and 5.15pm Monday to Friday.
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INTERNATIONAL NEWS DIGEST

American General buys life company

American General, one of the most acquisitive US life assurance companies, yesterday announced it was buying Home Beneficial, a Virginia-based life company, for $665m. The deal is American General's third acquisition in the last two years, and brings its total expenditure over that period to $2.2bn.

The company describes its strategy for growth as "opportunistic participation in the consolidation of the financial services industry". At the beginning of its acquisition campaign, in 1994, it set a target of doubling its $45bn asset base within five years. It is already one of the largest quoted life companies, and it now has total assets of $64bn.

Home Beneficial, which has about $1.4bn in assets, was known to have been looking for a buyer in recent weeks. Houston-based American General is one of a group of companies, which also includes GE Capital and Conseco, that has taken a lead in buying small life assurance companies, many of which are finding it hard now that they are in direct competition with commercial banks and mutual fund companies.

Mr Robert Devlin, American General's chief executive, said both companies offered similar life assurance products and used a similar distribution system in a similar geographical area – an increasingly important factor for life assurers. Home Beneficial has 1,000 full-time agents operating in six mid-Atlantic states. Mr Devlin estimated that Home Beneficial had excess capital of $300m. He was also bullish about the prospects for growth after the acquisition, saying it could mean $20m in annual expense savings. He predicted the purchase would increase earnings within one year of closing.

Home Beneficial shareholders will be offered a choice of cash or stock under the deal. The cash portion, which will be limited to a maximum of half the overall deal, will be worth $39 a share. American General's shares were virtually unchanged, slipping $⅛ to $40⅛ in early trading. Home Beneficial stock was one of the strongest performers for the morning, gaining $8⅝ to $38, still $1 short of the acquisition price. *John Authers, New York*

Advance Bank deal backed

Shareholders in Sydney-based Advance Bank yesterday voted overwhelmingly in favour of a takeover offer from St George Bank, a slightly larger regional bank based in New South Wales. More than 77 per cent of the shareholders voted, of whom 89.5 per cent were in favour of the A$2.65bn (US$2.1bn) proposal, which offers a combination of cash and St George shares for all Advance's ordinary shares.

Final confirmation of the takeover will be in late January, but the Australian Competition and Consumer Commission has approved the deal, and the federal treasurer has also given approval in principle. There have been objections to the voting structure of the deal, notably from National Australia Bank, one of Australia's big four banks, which has ambitions to take over St George. But the Australian Securities Commission announced yesterday it would not object to the voting structure. That issue will be the subject of a court hearing in early January.

Yesterday's vote, together with the decision by the ASC, further reduces the possibility that NAB will succeed in blocking the deal and acquiring St George itself. NAB would find it much harder to take over the larger combined bank, which will have assets of around A$40bn and be the fifth-largest bank in Australia. *Bethan Hutton, Sydney*

Sumitomo, Bechtel in India

Sumitomo, the Japanese trading conglomerate, and Bechtel Corp, the US engineering group, are to take a stake in a US$1.14bn oil refinery project in India being developed by the Hinduja group, the trucks-to-power industrial house. The refinery, to be built at Hardaspur in Orissa state, will have a total refining capacity of 2m tonnes of crude oil a year. The project will also include a 250MW power station.

Mr Gopichand Hinduja, one of the four brothers that control the Hinduja group, said Sumitomo would take a 25 per cent stake in the project, while Bechtel would have 5 per cent. The Hinduja group would retain a 51 per cent stake and the balance of the equity would be offered to the public. Mr Hinduja said construction on the project would begin in about six months, for completion three years later. *Tony Tassell, Bombay*

ADIG plans Poland fund

Allgemeine Deutsche Investment Gesellschaft, the German-owned fund management company, is to establish a mutual fund operation in Poland with the Export Development Bank (BRE). The deal comes just after the Polish Development Bank and Kleinwort Benson Investment Management won a licence from Poland's securities commission for a mutual fund operation aimed at investing in the country's securities market.

Mutual fund management in Poland has increasingly attracted the interest of foreign institutions that believe the country's stock exchange, capitalised at $8.1bn, is set to grow. Expected pension reforms should also generate management opportunities for institutions that gain experience through mutual fund operations. BRE is a listed Polish bank 21 per cent owned by Commerzbank of Germany, which also holds a 40 per cent stake in ADIG. *Christopher Bobinski, Warsaw*

Ingelco in Cuban venture

Chilean company Ingelco is setting up a joint venture in Cuba's dairy sector to produce milk products for sale to the Cuban market. The 50-50 venture between Ingelco and Cuba's state-run Union Lactea will involve a $5m investment in a dairy plant in Cuba's central Sancti Spiritus province. It is believed to be the first foreign investment in Cuba's recession-hit dairy sector. Ingelco already has a joint venture in Cuba producing fruit juices. *Pascal Fletcher, Havana*

German telecoms opens up

The German government has granted the first licences to companies wanting to compete with the partly-privatised Deutsche Telekom in providing telephone services from January 1998.

Vebacom, the telecoms subsidiary of the Veba conglomerate, was awarded a nationwide licence. A licence for the Hamburg, Berlin, Potsdam, Frankfurt and Munich regions went to Colt Telecom of Frankfurt. A licence to operate a phone service in Cologne was granted to NetCologne, which is 75 per cent owned by the city's own utility company.

Financial details were not disclosed. Earlier this week, Mr Wolfgang Bötsch, telecommunications minister, said telephone licences would be granted in return for one-off payments ranging from DM2,000 for the smallest area to DM40m ($25.7m) for a nationwide network such as that granted to Vebacom. *Peter Norman, Bonn*

Brazil plant for Asia Motors

Asia Motors, the South Korean automotive manufacturer, said yesterday it would spend $500m to build a factory in the state of Bahia, Brazil – its first such investment outside South Korea. The announcement, which was expected for some months, follows a presidential decree last week granting tax incentives to vehicle manufacturers setting up in Brazil's underdeveloped north-east. *Jonathan Wheatley, São Paulo*

Huhtamaki sells remaining drugs unit

By Greg McIvor in Stockholm

Huhtamaki, the Finnish international foods group, yesterday completed its withdrawal from the pharmaceuticals business by selling its Star ophthalmics division to Santen Pharmaceutical of Japan, the world's second-largest prescription ophthalmic drugs company.

The FM430m ($92.7m) deal, to be concluded early in the new year, will form a launch-pad for Santen's entry into the European market. For Huhtamaki, it marks the culmination of a restructuring in 1996 aimed at narrowing its focus to two core areas: confectionery and food packaging.

Mr Takakazu Morita, Santen president, said the acquisition of Star, which had 1995 sales of FM130m, was an important step in Santen's development outside its traditional Japanese market.

Santen, which derives 90 per cent of its $600m annual sales from ophthalmic pharmaceuticals, said Star's manufacturing facility in Tampere, southern Finland, would be suitable for its worldwide products.

Huhtamaki's exit from pharmaceuticals was triggered by high research and development costs and lack of international marketing clout. It sold its main pharmaceuticals subsidiary, Leiras, to Schering, the German drugs group, for FM1.4bn in July.

Huhtamaki's most-traded I-shares advanced FM4 to FM311 in Helsinki yesterday. The stock, which started the year at FM105, has more than doubled in value in 1996, reflecting market approval for the restructuring drive.

"Huhtamaki has done the right thing. Pharmaceuticals is a very research-intensive business and two core areas are enough," said Mr Hans Boström, Finnish analyst at Paribas Capital Markets in London.

He suggested the stock was around 15 per cent undervalued, and predicted strong annualised growth of 15-17 per cent for Huhtamaki in the next five years.

Mr Timo Peltola, Huhtamaki chief executive, said the company would seek to expand its remaining operations in 1997 through a blend of acquisitions and organic growth. Huhtamaki would double its food packaging capacity in Poland and Russia, and build a plant in China.

In confectionery, the company would expand into Asia via two joint ventures: one with East Asiatic Company, a Danish-based international marketing group, and the other with Parry's, a leading Indian sugar confectionery company.

Huhtamaki in October sold its US confectionery operations to Hershey Foods of the US and bought Hershey's confectionery operations in Germany and Italy in a $550m asset swap.

Lippo unit buys into leading retailer

By Manuela Saragosa in Jakarta

Multipolar Corporation, the Indonesian information technology and retailing company which operates a number of the country's foreign franchises, including Wal-Mart Stores of the US, plans to take a majority stake in the country's largest chain store owner, Matahari Putra Prima. The move would give it access to hundreds of outlets outside Jakarta.

Officials at Multipolar, part of the banking-to-property Lippo conglomerate, said the company planned to take a 50.1 per cent holding in Matahari if shareholders of both companies approved the deal at a meeting scheduled for January 30.

Multipolar plans to pay Rp673bn ($285.1m) for 45 per cent of Matahari owned by Mataharijaya Putraperkasa, the holding company of Matahari's founding shareholder, Mr Hari Darmawan-owned. It is also tendering for 5.1 per cent of the issued share capital, at Rp3,200 a share.

Financing for the acquisition is still sketchy. Officials said the approach would be three-pronged, with Rp61.88bn paid in cash, and Rp300.39bn and Rp311bn financed with 12- and 24-month non-interest bearing notes, respectively. Analysts, however, noted a rights issue was also mentioned.

Matahari's department stores, which sell everything from foods to furniture, cater to low to middle-income consumers, while most of Multipolar's franchises, which include J. C. Penney and Fireworks Family Entertainment centres, target higher-income brackets.

Benefits of the acquisition are expected to flow mainly to Multipolar. Its Wal-Mart franchise, one of the few foreign stores in Indonesia to target middle-income consumers, stands to gain access to Matahari's more than 80 department stores around the archipelago.

In the past year, Matahari has viewed the entry of Wal-Mart as competition, and responded by opening its first hypermarket-style store, Mega M, in Jakarta. "At least now we won't see a Wal-Mart opening up across the street from Mega M, and Matahari needs the management and technology that a foreign retailer can bring," said Mr Rudy Ramawy, analyst at Peregrine Sewu Securities in Jakarta.

Matahari's shares closed up Rp125 at Rp2,850, while Multipolar was down Rp100 at Rp1,575.

US drugs group in biotech alliance

US pharmaceuticals company Schering-Plough will pay the Boston-based biotech group Genome Therapeutics up to $67m as part of an asthma research collaboration between the two, writes Daniel Green.

Under the terms of the deal, Genome will identify genes and associated proteins for use by Schering-Plough in developing new pharmaceuticals.

The deal could be important for Schering-Plough because the company is one of the few in the US with big selling products in asthma. European companies Glaxo Wellcome and Astra dominate the market.

Schering-Plough will pay Genome an undisclosed up-front licence fee, fund a research programme, make milestone payments and pay royalties based on sales of products developed under the tie-up.

These payments to Genome could reach $67m, excluding royalties, with about $22.5m coming from licence fees and research payments and $44.5m from milestone payments.

LucasVarity finance director quits

By Tim Burt

LucasVarity, the Anglo-US automotive and aerospace components group, yesterday announced the surprise departure of Mr John Grant, its finance director, less than four months after the £3.2bn ($5.3bn) merger of Lucas Industries and Varity Corporation of the US.

The company said Mr Grant, 49, had agreed to resign following a board meeting last week, where it was decided he did not have the "international aptitude" for the job.

Sir Brian Pearse, LucasVarity chairman, said: "The board decided we wanted a finance director who was more global in outlook. I should think John was disappointed, but we needed a change."

Mr Grant - the only remaining executive director of Lucas to sit on the LucasVarity board - has been replaced by Mr Neil Arnold, a 49 year old Briton who was chief financial officer of Varity for six years before the merger.

The three most senior positions at the enlarged group are now held by former Varity directors. Mr Victor Rice, formerly Varity chairman, is chief executive. Mr Tony Gilroy, the US group's chief operating officer, has become president of the transition team overseeing the merger; and now Mr Arnold has become finance chief.

Mr Grant was said to be on holiday yesterday and was unavailable for comment. He is expected to receive compensation for loss of office based on his two-year rolling contract and annual basic salary of £223,975 a year.

Mr Grant's departure follows the removal of a third of the senior management at LucasVarity, including Mr Bryan Mason, Lucas's personnel director and Mr Mike Beard, its head of corporate affairs.

Mr George Simpson, formerly Lucas chief executive, left the group before the merger to become managing director of GEC.

"It underlines that this has been a reverse takeover by Varity, at least in management terms," according to one industry analyst.

Sir Brian, however, dismissed that suggestion, pointing out that a majority of the operating businesses were run by former Lucas managers.

Nevertheless, another board member said several more management changes were likely, following completion of the group's £250m restructuring, announced earlier this month.

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Northern bid goes into extra time

Fee to BZW throws the result into doubt, says Simon Holberton

Northern Electric, the Newcastle-based regional electricity company, seems fated to occupy a singular position in Britain's stock market history.

Northern was the company that first alerted investors to the hidden wealth contained in rec balance sheets when in 1994-95 it mounted and won a "scorched earth" defence against conglomerate Trafalgar House involving a return to shareholders of large amounts of cash.

And last night the company was embroiled in an unprecedented wrangle with the Takeover Panel which will decide the fate of the £782m hostile bid for the company from CalEnergy, an aggressive US independent power producer.

At the centre of the dispute is the behaviour of one of its advisers, Barclays de Zoete Wedd, and the circumstances surrounding Northern's agreement to award it a special performance related payment of £250,000.

The Panel has been investigating whether this payment was linked to the purchase of Northern shares by BZW - though the brokers deny any connection.

In Britain, advisers to a company under hostile attack can buy shares in the target company if they can demonstrate the purchases were done on an arm's length basis.

Concern about BZW's role emerged at 1pm on Friday – the day and hour CalEnergy set for the conclusion of its offer – when US bidder had managed to win acceptances for only 49.77 per cent of Northern - short of the 50 per cent and one share it needed to declare its bid unconditional.

Instead, in an unprecedented action, the Takeover Panel stepped in and allowed the bid to continue until 1pm today. It also prohibited both BZW and Schroders from buying shares in Northern, and froze payment to BZW of the bonus.

By yesterday CalEnergy was claiming to speak for just over 50 per cent of the shares. But the Panel has reserved a final judgement, pending appeals by both BZW and Northern.

The origins of the dispute seem to lie in a meeting Mr Ian Watts, a director of BZW, had with Mr David Morris, Northern's chairman, on Tuesday last week. At that meeting, Mr Watts told the Northern chairman he thought his firm deserved a £250,000 performance fee because of the quality of its advice. The possibility of such a fee had been negotiated at the start of the bid by Mr Simon de Zoete, BZW vice-chairman, in addition to a flat fee from Northern of £1.5m.

There are different accounts of Mr Morris's reaction. Some say he demurred and said the board would discuss the matter later. A BZW spokesman disputes this. He said there was "certainly no indication to us that they [Northern] were not minded to pay us the additional fee".

On Wednesday, BZW and Schroders, another adviser to Northern, approached the Panel to seek approval to buy Northern shares. That approval was forthcoming after assurances were given that there had been no change to the flat fee either would earn from defending the bid. The two stepped into the market and between them bought 2.3 per cent of Northern at a total cost of around £14m.

That night the full Panel heard an appeal by CalEnergy on the share purchases by Northern's advisers. It dismissed CalEnergy's appeal and said share dealings were allowable because "there would be no change to the flat fee basis of [the advisers'] remuneration". The Panel said that it has long been accepted that the code permits advisers to buy shares.

The following day, Northern's board met to approve the fees payable to advisers. That meeting agreed BZW deserved an extra £250,000 fee because of the quality of its advice during the bid.

But just before 12.30 on the last day of the bid

the Takeover Panel rang CS First Boston, CalEnergy's adviser, and requested a delay in the announcement of the bid outcome. The Panel had come into possession of new information which might have a bearing on the bid, the bank was told. It subsequently came out that BZW had informed the Panel of the £250,000 fee at about noon on Friday.

British Gas and Mobil in 'take or pay' deal

By Robert Corzine

British Gas yesterday renegotiated its second "take or pay" gas contract with a leading North Sea producer.

The successful renegotiation "significantly reduced" the biggest threat to the viability of Centrica, the soon-to-be demerged domestic gas supply arm, according to company executives.

No value was placed on the deal with the UK subsidiary of Mobil of the US, which is British Gas's fifth largest North Sea supplier. But the company said it meant that about a fifth of its "exposed contracts" had now been renegotiated.

Under the take-or-pay contracts - worth tens of billions of pounds - British Gas must pay for gas, even though the advent of competition in the UK has left it with a large surplus.

Unlike an earlier deal with British Petroleum, the agreement with Mobil was aimed more at reducing gas volumes than securing cheaper prices.

Mobil agreed to cancel two of its supply contracts with British Gas, while prices on three others will be "reduced to market levels on a phased basis..."

In exchange, British Gas will transfer to Mobil a 5 per cent stake in the Beryl field, 29.5 per cent of the Nevis field and 2.5 per cent of the Sage offshore gas pipeline system.

The assets will boost Mobil's reserves by 27m barrels of oil equivalent - including gas - in its core area of Beryl. Mobil holds a 45 per cent stake in Beryl, and has nursed a grudge against British Gas for previously pre-empting its entry into Nevis.

None of the assets belong to Centrica, the domestic gas supply company with the take-or-pay liabilities and which is due to be demerged in February. But Mr Kenneth Gardener, British Gas's chief negotiator, said it was unlikely that Centrica would have to look to British Gas's exploration and production division for further assets.

"This was a one-off," he said yesterday. Mobil had indicated its interest in the Beryl and Nevis as early as last February.

Yesterday's deal follows a £250m ($417.5m) deal with BP earlier this month. British Gas's exploration and production division has also agreed new terms for its contracts.

Centrica's new management has been keen to secure at least a few agreements before the end of the year in order to smooth the way for the demerger, due on February 17.

Mr Gardener said "a pause for reflection and review" would follow the conclusion of the Mobil deal, so Centrica's management needed to devote its full attention to the demerger.

BA settles Inspirations dispute with £6m payment

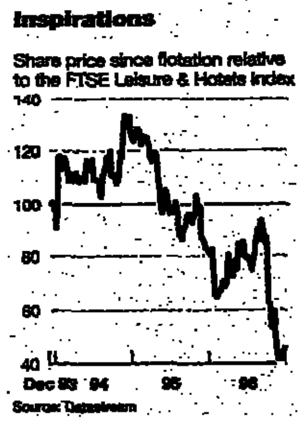
By Scheherazade Daneshkhu, Leisure Industries Correspondent

British Airways has agreed to pay £6m ($10m) to Inspirations, the tour operator, to settle a claim made against it by Caledonian Airways.

Inspirations, which bought Caledonian two years ago from BA, blamed BA, its aviation and maintenance supplier, for late delivery of aircraft which led to flight delays in the peak season. Subsequent bad publicity adversely affected September holiday sales.

Inspirations

Share price since flotation relative to the FTSE Leisure & Hotels index



Source: Datastream

The tour operator, which has up to 4 per cent of the package holiday market, yesterday reported pre-tax losses of £13.2m in the year to September 30, compared to pre-tax profits of £7.7m last year.

The total cost of the delays and disruption in its aviation and maintenance division was £17m. An additional £2m loss was made after writing off a loan to The Flight Company, the Kingston-upon Thames-based tour operator which collapsed in July.

British Airways acknowledged: "There were occasions when engineering work had taken longer than anticipated but safety is paramount."

It has paid £1.6m in cash and will subscribe for £4.4m of new unlisted convertible preference shares at 77p a share, after shareholder approval.

The shares, which reached a high of 152½p at the end of August, last night rose 1p to close at 75½p.

BA has also agreed to establish dedicated engineering facilities for the Caledonian fleet.

The final dividend (2.8p) will not be paid. The interim was 0.78p; last year's total dividend was 3.5p.

Mr Vic Fatah, chief executive of Inspirations, said the summer 1997 programme had been reduced. Sales of winter 1996/97 holidays were 47 per cent up on last year, while next year's summer holidays were up 10 per cent.

Turnover rose 13 per cent to £403.2m.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Farlake Φ	Yr to Sept 30	1.47	(-)	0.438	(-)	15.01	(-)	-	-	-	-	-
Inspirations	Yr to Sept 30	403	(356)	13.2L♠	(7.66)	27.66L†	(18.36)	nil	-	2.8	0.78	3.5
Ivory & Sime	6 mths to Oct 31	10.4	(7.41)	3.77	(2.95)	7.66†	(6.42)	2.85	Jan 31	2.5	-	8.25
Nationwide Res Φ	6 mths to Sept 30	0.101	(0.073)	0.019	(0.004)	0.81	(0.6)	-	-	-	-	1

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Knox D'Arcy	6 mths to Oct 31✦	38.4	(-)	4.56L	(1.06L)	10.3L†	(6.6L)	nil	-	nil	-	nil
Martin Currie Jap	6 mths to Nov 30	91.9	(108.1)	0.001L	(0)	0	(0)					

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ΦAim stock. ✦Comparatives for Ingham plc, which changed name and status to Knox D'Arcy Trust in April.

Grafton buys Dublin property

Grafton Group has acquired an investment property in Dublin for £5.8m.($9.7m)

The property, a hotel trading as the Rathmines Plaza Hotel, is being sold by O'Dwyer Real Estate Company on a sale and leaseback basis.

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INTERNATIONAL PEOPLE

Srednicki takes AT&T cards role

AT&T Universal Card Services, the loss-making credit card division of the long distance telecommunications giant, has landed Rich Srednicki, a former head of credit cards for Citicorp, the largest US card issuer, as its new chief executive.

AT&T, the third largest card issuer in the US by number of cards, had parted company with David Hunt, its former chief executive, in September. This was said to be for "personal reasons".

Shortly afterwards, it announced losses of $35m for the third quarter, caused mostly by a rise in the proportion of loans it had to write off to 6.15 per cent, significantly above the industry average.

Srednicki, 49, is currently general manager of Citicorp's German consumer banking division, but ran its Visa and Mastercard operation in the US from 1990 to 1993. He has also led Citibank's attempts to cross-market its products: John Walter, AT&T's president, said that Srednicki, who will start his new job next month, would "build creative marketing linkages" with the company's other services.

While at Citibank, Srednicki led an aggressive campaign to limit the growth of AT&T's Universal card when it was launched in 1990, launching a rival card in conjunction with MCI, then the second largest long distance telecommunications provider, and successfully challenging claims made in an AT&T advertising campaign.
John Authers, New York

Bermuda exchange

Arthur Sculley (left), former head of private banking at J.P. Morgan, has been appointed chairman of the Bermuda Stock Exchange. Sculley, who is 52, joins the exchange following its announcement of plans last year to become the first fully electronic offshore securities market.

Sculley is currently president of Sculley Brothers, a private investment and advisory firm which also involves his brothers John (a former chief executive of Apple Computer) and David (a former president of HJ Heinz USA). He spent 16 years in corporate finance at J.P. Morgan, before becoming head of private banking.

At the Bermuda exchange he succeeds Audette Exel, who recently resigned in order to return to Australia. Separately, Jeffrey Conyers becomes an additional deputy chairman of the exchange.
Richard Lapper, London

Seat rings changes

The appointment of a new chairman at Seat, the Spanish subsidiary of Volkswagen, has been accompanied by an upheaval in its senior management.

The company confirmed last week that Pierre-Alain de Smedt, the Belgian head of Volkswagen's Brazilian operations, would take over as chairman from Juan Llorens, whose three-year contract expires at the end of the month.

At the same time it named Erich Krohn as vice-chairman and finance chief to take over from 33-year-old Utz Claassen, who is leaving to become chairman of Sartorius, a precision engineering company based in Goettingen, Germany. Claassen was known to be unhappy with the planned change at the head of Seat.

The new chairman, who has spent four years as head of Volkswagen do Brasil, will also take charge of purchasing. The current purchasing chief, Francisco García Sanz, is moving to the company's supervisory board, taking the seat occupied up to now by José Ignacio López de Arriortúa, the former VW executive who has been charged with industrial espionage.

Another Seat vice-chairman, personnel chief Jochen Schumm, has been moved to a similar post at the Volkswagen plant in Wolfsburg.
David White, Madrid

Kowner for Sotheby's

Arina Kowner (left), probably the most powerful figure in Swiss cultural life, is joining Sotheby's, the international auction house, as managing director of its Zurich office. Her appointment is part of a move by Sotheby's, whose Swiss operations are concentrated in Geneva, to expand in the German-speaking part of Switzerland.

Kowner, 59, has spent the last 20 years as head of cultural and social affairs at Migros, Switzerland's biggest retailer. Migros, owned by its customers, sets aside 1½ per cent of its annual turnover for social and cultural activities. That gives Kowner control of a SFr107m ($81m) annual budget, of which half is channeled into education; she spends almost twice as much as Pro Helvetia, the government-supported Swiss arts council, on cultural activities ranging from theatre to ballet and music.

Kowner built up Migros's art collection, part of which went on show in May at the new Migros-financed Museum of Contemporary Art in Zurich. Migros's name recognition in Switzerland, because of its cultural contributions, is second to none and Kowner's work has been the subject of a special Harvard Business School case study.
William Hall, Zurich

Aon's Forrest rises

Ron Forrest, former chief executive of Bain Hogg, the UK insurance brokerage sold by Inchcape in October to Aon Corporation of Chicago, has been named chairman and chief executive of Aon Risk Services Companies, succeeding Arthur Quern, who died in an air crash in October.

The new role gives Forrest, 54, responsibility for all Aon's retail insurance broking in north and south America. He also remains chairman of UK retail broking operations.

Donald Bell, previously vice-chairman of retail brokerage operations in the Americas, meanwhile becomes group vice-chairman with a strategic remit and responsibility for major clients and markets worldwide.

Fortuitously for Aon, most of Forrest's working life has been spent with Alexander & Alexander – the New York-based group whose takeover by Aon earlier this month created the world's largest insurance broker. He joined Inchcape's broking arm, Bain Clarkson, in 1994 and oversaw its merger with Hogg Group to create Bain Hogg.
Nim Caswell, London

ON THE MOVE

■ Hilary Weston, wife of Galen Weston, the Canadian foods millionaire, is to be the next Lieutenant Governor of ONTARIO. She will take over the title, which makes her the British Queen's representative in Ontario and nominal head of the provincial government, on January 24.

■ Jack Krol, 60, president and chief executive officer of DuPont, joins the board of J.P. MORGAN & Co and its principal banking subsidiary, Morgan Guaranty Trust Company of New York, from January 1.

■ Kevin Jenkins, president and chief executive of Westaim Corporation, an Alberta research and development company; and John Willson, president and chief executive of Placer Dome, the Canadian mining company, have joined the board of CANADIAN OCCIDENTAL PETROLEUM.

■ Spaniard Jose Elena Rossello has been appointed vice-president of the new EU PLANT VARIETY OFFICE.

■ Zhu Xiaohua becomes chairman by Hong Kong property and securities company CHINA EVERBRIGHT INTERNATIONAL. Zhu, a former deputy governor of the People's Bank of China, already chairs China Everbright Holdings, its controlling shareholder.

■ Anna Lou Fletcher, formerly managing director of New Harbor Inc of New York, becomes corporate general manager, financial planning and analysis, at BROKEN HILL PROPRIETARY.

■ David Williams becomes deputy chairman of the BANKERS TRUST AUSTRALIA as part of the preparations for David Hoare stepping down as chairman sometime in 1997.

■ The South African Broadcasting Corporation has appointed former vice-chairman Colin Hickling to head the new satellite television project AstraSat.

■ Jean-Pierre Ronteix takes over as chairman of MINES DE POTASSE D'ALSACE, the French potassium chloride producer, following the resignation of Paul Prevot.

■ CIC, the French regional banking group, has appointed Philippe Pontet as chairman, replacing Bernard Yoncourt. Pontet was previously chairman of public holding group Erap.

■ Juan Perea has been appointed president of Spanish electronics group AMPER.

■ Michael Lim, former vice-president at Bear Stearns Asia in Hong Kong, joins the board of AVIC GROUP INTERNATIONAL, the Chinese-based telecommunications and information systems group.

■ Chief Superintendent Rod Harvey is the new head of security planning for the SYDNEY OLYMPICS. He is currently head of the major incident group.

■ Ranita Hussein (Skrine & Co), Encik Mohammed Azlan Hashim (Kompleks Kewangan Malaysia) and Tan Leong (BDO Binder) have been appointed to the committee of the KUALA LUMPUR STOCK EXCHANGE. Chan Guan Seng (JF Apex Securities) becomes deputy chairman and Benny Ng Wu Hong has been elected to the committee.

■ Michael Welch, 44, takes over as senior vice-president and chief financial officer of EQUITY MARKETING, the US toys and gifts group. He succeeds Kenneth Fisher, 45, who has resigned to pursue personal business interests. Welch was most recently vice-president of corporate development for Mattel, the world's largest toy company.

■ Egon Berg rises to vice-president of AMERICAN HOME PRODUCTS, the US drugs company, and Eileen Lach becomes secretary.

■ Raymond Viault, 52, vice-chairman and director of General Mills, joins the board of WILLIS CORROON, the British insurance broker, on January 1 as a non-executive director.

■ Raymond Vecci has resigned as chief operating officer of TOWER AIR, the US low-cost carrier. Vecci, who has only been with the airline since September, has reportedly been named president of CARNIVAL AIR LINES.

■ Peter Fitzgerald, 48, currently chief executive and president of Qualex, has been named corporate vice-president and general manager of KODAK's consumer imaging business. He will keep his current reponsibilities at Qualex until a successor is appointed.

■ Stanley Phernambucq, who has headed the unit responsible for the design and construction of the Los Angeles County METRO RAIL SYSTEM, is leaving on January 10 for a new post in the private sector.

■ Michael Lambert is stepping down as secretary of the NEW SOUTH WALES TREASURY, to join investment bank BZW.

■ Chris McGurk, chief operating officer of Universal Pictures, joins the board of CINEPLAX ODEON, one of the largest North American cinema companies, replacing Lynwood Spinks. McGurk was formerly president of the Walt Disney Motion Pictures Group.

■ K.S. Tso has been appointed group managing director of HONGKONG ELECTRIC HOLDINGS from January 1, succeeding Ewan Yee, who retires at the end of the year. Tso has been an executive director of the company since 1985 and is currently managing director of the Hutchison Whampoa Property Group.

■ Thomas Perkins, 64, chairman of Tandem Computers, becomes the 16th board member at NEWS CORPORATION, the global media group.

■ Kevin Logan joins DRESDNER KLEINWORT BENSON from Swiss Bank Corporation, as senior market economist in the fixed income department in New York.

International appointments

Please fax information on new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

Consumer confidence data lift Treasuries

GOVERNMENT BONDS

By Lisa Bransten in New York and Samer Iskandar in London

US Treasury prices gained in quiet pre-holiday trading yesterday on signs that consumer confidence may be flagging.

Near midday in New York, the benchmark 30-year Treasury was $\frac{7}{16}$ stronger at 99$\frac{1}{16}$ to yield 6.567 per cent, while at the short end of the maturity spectrum, existing two-year notes rose $\frac{1}{32}$ to 99$\frac{27}{32}$, yielding 5.817 per cent. The March 30-year bond future added $\frac{3}{16}$ at 113¼.

Trading will close at 2pm today and remain closed until Thursday for the Christmas holiday.

Bonds were mostly flat in early trading before getting a lift at mid-morning, after the University of Michigan's index of consumer sentiment registered a drop in December, from 99.2 in November to 96.9, with consumer expectations falling even further.

Earlier, traders had paid little attention to November's modest gains in personal income and consumption. Personal income rose 0.5 per cent last month, slightly less than economists had expected, while personal consumption expenditure was 0.5 per cent stronger, slightly above expectations.

The consensus estimate among economists was for a 0.6 per cent rise in income and a 0.3 per cent increase in expenditure.

Rising Treasuries provided support to European bonds, which closed generally higher.

Liffe's March bund future settled at 100.65, up 0.18. But trading volumes were modest, leading analysts to warn that the rise was more technical than indicative of bullish market sentiment.

French, Spanish and Swedish bonds rose in line with bunds, their yield spreads closing mostly unchanged. On Matif, the March future on 10-year French bonds closed at 128.82, up 0.06.

UK gilts outperformed other European bonds, their 10-year yield spread over bunds tightening by 7 basis points to 186 points. Liffe's March long gilt future settled $\frac{23}{32}$ higher at 109$\frac{23}{32}$.

Italian BTPs, however, underperformed most European bonds. Several factors weighed on the market, including the absence of a rate cut by the central bank, which had been widely expected, as well as pessimism that a metalworkers' pay dispute was unlikely to be resolved soon.

Liffe's March BTP future lost 0.10 to close at 128.50, then fell another 0.20 in after-hours trading.

In the cash market, the 10-year yield spread of BTPs over bunds widened by 7 basis points, to 181 points.

AT&T consumer business 'has bounced back'

By Richard Waters in New York

AT&T's consumer business has bounced back from a troubled period to end 1995 on a strong note, Mr Joseph Nacchio, the former head of the US telecoms company's largest business unit, said yesterday.

Mr Nacchio was speaking after resigning over the weekend to head Qwest Communications, a small private group that is building a new long-distance network of its own across the US.

His departure marks the latest in a series of high-level resignations from the largest US telecommunications company, marking a transition to a new management group.

Commenting on the fortunes of AT&T's consumer business, Mr Nacchio said: "We had some difficulties at the beginning of the year, but we have recovered very handsomely from that."

The business has neared the end of the year ahead of the targets that had been set for it, he said, but declined to give further details.

AT&T shocked Wall Street twice this year with news of slowing revenue growth in its consumer business, reflecting successful raids on its customers by rival long-distance services.

Mr Nacchio, a 26-year AT&T veteran, was responsible for the flat-rate calling plan, known as OneRate, that has been at the forefront of the company's attempts to win back market share.

Ms Gail McGovern, 44, the former head of AT&T's services for corporate customers, was appointed over the weekend to replace Mr Nacchio, 47.

Speaking yesterday, she called competitive conditions in the consumer long-distance business "just ferocious", but said the OneRate plan had been "very successful" in attracting customers.

Ms McGovern said that her primary focus would be on "top-line growth".

She takes over as AT&T is gearing up to break into the $100bn US local telephone business, which is about to be thrown open to competition.

Though she has no direct experience of consumer markets, Ms McGovern said her experience in handling AT&T's 4.5m small business customers had given her experience of marketing techniques such as market segmentation and database marketing.

Mr Nacchio was in effect passed over when AT&T looked outside for a new president earlier this year, hiring Mr John Walter from RR Donnelley.

The previous president, Mr Alex Mandl, quit in the summer to head another small telecommunications venture.

In a letter to staff yesterday, Mr Walter said Mr Naccio "has made many lasting contributions to AT&T", adding: "But he has always wanted to lead his own company, and it has become clear to him that won't happen here at AT&T."

Mr Nacchio said Qwest, which will sell capacity on its network to AT&T, among others, had presented "a great opportunity, and a very good financial package," including a signing-on bonus and a substantial equity position.

TWA cuts New York services

By Richard Tomkins in New York

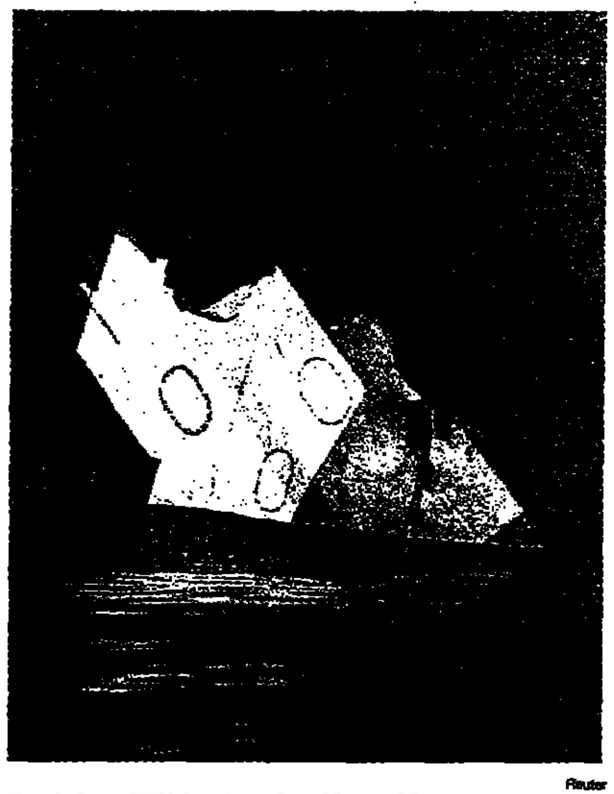
Trans World Airlines, the smallest of the large US carriers, will start making big cuts in its operations in and out of New York next month to stem heavy losses there, particularly on transatlantic operations.

The cuts will include the axeing of its New York-Athens and New York-Frankfurt services and the replacement of its Boeing 747 airliners with smaller Boeing 767 aircraft on other transatlantic routes.

TWA will also cut the feeder services that link its New York transatlantic services with far-flung parts of the US such as California, Colorado and Arizona. Instead, the New York hub will focus on the east-coast market.

The moves recognise changes in the transatlantic travel market that have followed a big increase in the number of US cities now offering direct flights to Europe. In the last 20 years, the number of US gateway cities has risen from 11 to 30.

Since many passengers in the US no longer need to travel to New York to make connections to Europe, TWA has had to offer low fares to attract them to its services. Even then it has found itself with surplus capacity.



Reuter

Tragic loss: TWA has been beset by problems

TWA said other US carriers had already stopped flying Boeing 747s on transatlantic routes. "It's no longer a 747 market. We have clung to that too long, and now we are going to fix it," the company said.

TWA, which has twice gone through Chapter 11 bankruptcy protection, has failed to make an annual profit since 1988. It has recently suffered a number of setbacks in its efforts to regain financial health.

In July, a Boeing 747 flying its New York-Paris route exploded in the air off New York's Long Island, killing everyone on board. This and other problems caused TWA to report a fall in operating profits from $45.8m to $26m in the quarter to September, at a time when other US airlines were enjoying big profit increases.

In October, TWA lost its chief executive, Mr Jeffrey Erickson, amid internal dissent about how the company should be run. TWA has so far been unable to find anyone else prepared to take on the job, and this month appointed three interim managers.

Yesterday TWA said the cost-cutting exercise, which will eliminate about 10 per cent of seats flown, would save about $400m a year. It said it planned to build up operations at its main hub in St Louis, Missouri.

ADM acquires Grace cocoa unit

By Richard Waters

Archer Daniels Midland, the US grain processing company, yesterday took its first step into the cocoa business with the purchase of the production and sales operations of W.R. Grace.

The operation, which makes industrial cocoa and chocolate products, is being sold for $430m, including the assumption of debt, Grace said. It did not disclose the equity value of the deal.

Grace, a specialty chemicals company, has been rumoured for months to have discussed selling the business to Cargill, the private US commodities group which is already a big force in the cocoa markets.

Such a transaction, however, could have led to anti-trust concerns, since a combination would have greatly reduced the number of suppliers in the chocolate market.

Between them, Cargill and Grace are believed to account for about half of the independent chocolate market in Europe – roughly equal to the share of Jacobs Suchard, which completed a large acquisition of its own earlier this year.

Mr Dwayne Andreas, ADM chairman, called the acquisition "a good fit," even though his company has no presence in cocoa at the moment. "We understand the procurement and processing business and have many customers in common," he said.

For Grace, the sale reflects a plan to focus on its chemicals operations. In September, the company spun off National Medical Care, its big healthcare unit, and has since disclosed plans to sell other businesses. These include units that produce equipment for the paper and printing industry and molecular separation products for research laboratories.

Grace's shares rose $1⅜ yesterday morning to $50, still $2⅜ below their level at the beginning of October after the spin-off of National Medical. The company's chairman, Mr Albert Costello, said the sale of the cocoa operations would further advance Grace's strategy of focusing on its global packaging and specialty chemicals businesses.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	95.1520	-0.470	7.45	7.33	7.08
Austria		5.875	07/06	100.1000	+0.100	5.86	5.93	5.96
Belgium		7.000	05/06	107.6500	+0.160	5.91	5.96	6.03
Canada *		7.000	12/06	104.4000	+0.350	6.39	6.56	6.19
Denmark		8.000	03/06	109.6400	+0.680	6.57	6.70	6.80
France	BTAN	5.500	10/01	103.5642	+0.081	4.66	4.72	4.87
	OAT	6.500	10/06	105.3000	+0.120	5.78	5.81	5.88
Germany Bund		6.250	04/06	103.1300	+0.200	5.80	5.86	5.87
Ireland		8.000	08/06	108.8000	+0.060	6.72	6.73	6.89
Italy		9.500	02/06	113.2200	-0.100	7.47†	7.42	7.69
Japan	No 143	6.300	09/01	121.9996	-0.040	1.36	1.42	1.54
	No 182	3.000	09/05	104.6346	-	2.36	2.43	2.65
Netherlands		8.500	06/06	119.5700	+0.150	5.75	5.80	5.84
Portugal		9.500	02/06	116.8000	+0.240	6.95	6.89	7.28
Spain		8.800	04/06	112.0600	+0.170	6.98	6.97	7.39
Sweden		8.000	08/07	106.8891	+0.073	6.79	6.94	7.27
UK Gilts		8.000	12/00	102-19	-1/32	7.24	7.37	7.26
		7.500	12/06	99-09	-4/32	7.60	7.63	7.70
		9.000	10/08	110-04	-4/32	7.68	7.70	7.78
US Treasury *		6.500	10/06	101-08	+2/32	6.33	6.34	6.21
		6.500	11/26	99-01	+7/32	6.57	6.60	6.46
ECU (French Govt)		7.000	04/06	106.0600	+0.160	6.12	6.16	6.29

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
Prime rate	8¼	One month	-	Two year	5.83
Broker loan rate	7	Two month	-	Three year	5.96
Fed.funds	5¼	Three month	5.02	Five year	6.12
Fed.funds at intervention	-	Six month	5.26	10-year	6.33
		One year	5.48	30-year	6.58

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	128.76	128.82	+0.06	128.86	128.72	14,631	123,253
Jun	127.46	127.52	+0.06	127.52	127.46	4	8,896
Sep	125.46	125.52	+0.06	125.46	125.46	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
126	2.82	-	3.04	0.01	0.04	0.24
127	1.83	1.95	2.23	0.01	0.14	0.42
128	0.83	1.19	1.52	0.25	0.37	0.70
129	0.07	0.59	0.93	1.19	0.77	1.11
130	0.01	0.24	0.52	2.19	1.42	1.69

Est. vol. total, Calls 4,137 Puts 4,089. Previous day's open int., Calls 158,455 Puts 154,764.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.42	100.65	+0.17	100.73	100.42	13820	221920
Jun		99.76	+0.17			0	249

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
10050	0.65	0.93	0.71	1.07	0.50	0.78	1.45	1.81
10100	0.39	0.67	0.53	0.87	0.74	1.02	1.77	2.11
10150	0.22	0.48	0.39	0.70	1.07	1.33	2.13	2.44

Est. vol. total, Calls 1462 Puts 1423. Previous day's open int., Calls 138197 Puts 123010

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	128.60	128.50	-0.10	128.77	128.30	9463	88614
Jun		128.02	-0.10			0	1300

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
12850	1.63	2.46	1.63	2.94
12900	1.39	2.24	1.89	3.22
12950	1.18	2.03	2.18	3.51

Est. vol. total, Calls 205 Puts 70. Previous day's open int., Calls 108834 Puts 78491

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	111.37	111.63	+0.25	111.75	111.35	13,708	78,403
Jun	-	111.01	-	-	-	-	-

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	110-00	110-23	+0-23	110-15	109-31	734	3426
Mar	109-05	109-29	+0-23	109-30	109-02	14640	130778

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
109	1-35	1-55	1-48	2-17	0-41	0-61	1-34	2-03
110	0-62	1-19	1-18	1-51	1-04	1-25	2-04	2-37
111	0-36	0-55	0-58	1-26	1-42	1-61	2-44	3-12

Est. vol. total, Calls 1803 Puts 78. Previous day's open int., Calls 22019 Puts 16626

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	95.40	95.50	+0.10	95.50	95.40	257	6,252

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	113-05	113-15	+0-05	113-20	113-00	213,504	451,585
Jun	112-20	112-31	+0-06	113-03	112-19	248	15,291
Sep	-	111-30	-	-	-	100	5,316

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	126.16			126.25	126.15	93	na
Jun						0	na

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price indices UK Gilts	Mon Dec 23	Day's change %	Fri Dec 20	Accrued interest	xd adj. ytd		Low coupon yield Dec 23	Dec 20	Yr. ago	Medium coupon yield Dec 23	Dec 20	Yr. ago	High coupon yield Dec 23	Dec 20	Yr. ago
1 Up to 5 years (21)	120.90	0.08	120.81	2.54	9.44	5 yrs	7.27	7.31	6.93	7.34	7.37	6.94	7.38	7.42	7.01
2 5-15 years (19)	149.02	0.38	148.46	2.29	11.68	15 yrs	7.68	7.73	7.68	7.64	7.71	7.73	7.63	7.69	7.80
3 Over 15 years (7)	169.97	0.75	168.71	3.66	11.85	20 yrs	7.75	7.79	7.77	7.67	7.74	7.79	7.64	7.70	7.85
4 Irredeemables (6)	192.41	-0.42	193.47	1.91	13.71	Irred.†	7.84	7.81	7.86						
5 All stocks (53)	144.08	0.34	143.60	2.66	10.97										

Index-linked							Inflation 5% Dec 23	Dec 20	Yr. ago	Inflation 10% Dec 23	Dec 20	Yr. ago
6 Up to 5 years (2)	203.17	0.01	203.16	1.35	5.28	Up to 5 yrs	3.19	3.19	2.51	2.48	2.48	1.26
7 Over 5 years (10)	194.96	0.01	194.94	1.71	4.71	Over 5 yrs	3.56	3.56	3.52	3.35	3.35	3.31
8 All stocks (12)	194.77	0.01	194.75	1.67	4.69							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Yr ago	High*	Low*
Govt. Secs. (UK)	94.42	94.31	94.03	93.81	94.06	95.42	96.34	91.59
Fixed Interest	116.41	116.39	116.17	116.10	116.27	114.23	117.82	110.74

Gilt Edged Activity Indices

	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16
Gilt Edged bargains	63.7	67.0	66.4	72.9	73.1
5-day average	72.6	76.8	77.7	76.2	78.2

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FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on December 23

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100¼	100¾		6.44
ABN Amro Bank 7¼ 05	1000	102⅜	102⅝	+¼	6.99
African Dev Bk 7⅜ 23	500	101½	102⅛	+¼	7.24
Alberta Province 7⅝ 98	1000	102¾	102⅞		6.01
Asian Dev Bank 6¼ 05	750	98⅛	98⅜	+¼	6.54
Austria 8½ 00	400	108¼	108½		6.21
Baden-Wuertt L-Fin 8⅛ 00	1000	105⅛	105⅜		6.24
Bancomext 7¼ 04	1000	87	87½	+½	10.07
Bank Ned Gemeenten 7 99	1000	102⅛	102⅜		6.09
Bayer Vereinsbk 8⅛ 00	500	105⅛	105¼		6.24
Belgium 5½ 03	1000	95⅛	95⅜		6.40
British Columbia 7¾ 02	500	105⅞	106⅛	+⅛	6.43
British Gas 0 21	1500	16¼	16½	+⅛	7.58
Canada 6⅜ 05	1500	98¾	98⅞	+⅛	6.67
Cheung Kong Fin 5½ 98	500	97⅞	98⅛		6.80
China 6½ 04	1000	96¾	97½		7.21
Credit Foncier 9½ 99	300	106⅝	106⅞	+⅛	6.12
Denmark 5¾ 98	1000	99⅞	100		5.84
East Japan Railway 6⅝ 04	600	99⅝	99¾	+¼	6.69
EIB 6 04	500	98⅛	98½	+⅛	6.33
Elec de France 9 98	200	103⅜	103⅝	-⅛	6.02
Ex-Im Bank Japan 8 02	500	106⅞	107¼		6.44
Export Dev Corp 9½ 98	150	104⅞	105⅛	-⅛	6.07
Exxon Capital 0 04	1800	61	61⅜	+⅛	6.46
Fed Home Loan 7⅛ 99	1500	102⅝	102¾		6.10
Federal Natl Mort 7.40 04	1500	105⅜	105½	+⅛	6.59
Ford Motor Credit 6¼ 98	1500	100⅜	100½	+⅛	5.99
General Mills 0 13	1000	26	26¼	+⅛	8.43
Inl Finance 5¼ 98	650	98½	98¾		6.08
Inter-Amer Dev 6⅞ 06	1000	97¼	97½	+¼	6.63
Inter-Amer Dev 7½ 05	500	105⅛	105⅜	+⅛	6.67
Intl Finance 5¼ 99	500	98⅝	98⅞		5.99
Italy 6 03	2000	97⅞	98⅛		6.49
Italy 6⅞ 23	3500	95¾	96⅛	+¼	7.37
Japan Dev Bk 8⅜ 01	500	107	107¼		6.39
Korea Elec Power 6⅜ 03	1350	97⅞	98	+⅛	6.92
Matsushita Elec 7¼ 02	1000	103¾	104	+⅛	6.54
Ontario 7⅜ 03	3000	104¼	104½		6.62
Ontario 7¾ 02	2000	106	106¼		6.53
Oster Kontrollbank 8½ 01	200	107⅝	107⅞		6.96
Portugal 5¾ 03	1000	95⅛	95⅜		6.57
Quebec Hydro 9¾ 98	150	105½	105¾		6.33
Quebec Prov 9 98	200	103¼	103⅝	-⅛	6.25
SAS 10 99	200	106⅞	107¼		6.49
SNCF 9½ 98	150	104⅞	105⅛	-⅛	6.11
Spain 6½ 99	1500	101	101¼		6.08
Sweden 6½ 03	2000	100¾	101		6.45
Tennessee Valley 6 00	1000	99⅝	99⅞		6.20
Tennessee Valley 6¾ 05	2000	98⅞	99⅛		6.66
Tokyo Elec.Power 6⅛ 03	1000	98⅞	99¼		6.33
Toyota Motor 5⅝ 98	1500	99⅝	99¾		5.92
United Kingdom 6¾ 01	2000	101⅞	102		6.25
United Kingdom 7¼ 02	3000	104¾	105		6.27
Walt Disney 6⅜ 01	1300	99⅞	100		6.51
World Bank 6⅜ 05	1500	99⅜	99½	+¼	6.57
World Bank 8⅜ 99	1500	106⅝	106⅞		5.83
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	98⅛	98⅜	+⅛	6.82
Baden-Wuertt L-Finance 6 99	2000	104¾	105		3.86
Credit Foncier 7¼ 03	2000	107⅞	108⅛	-⅛	5.74
Denmark 6⅛ 98	2000	103⅜	103⅝		3.43
Depfa Finance 6⅜ 03	1500	103⅝	103⅞	+⅛	5.66
Deutsche Bk Fin 7½ 03	2000	109	109⅜	-⅛	5.71
Deutsche Finance 5¼ 04	2500	100⅝	100⅞	+⅛	5.64
EEC 6½ 00	2300	106½	106⅝		4.28
EIB 6¾ 00	1500	105¾	106		4.33
Finland 7½ 00	3000	109¼	109½		4.24
Italy 7¼ 98	5000	104⅛	104¼		3.45
LKB Baden-Wuertt 6½ 08	2250	102⅝	102⅞	+⅛	6.17
Norway 6⅛ 98	1500	103⅜	103⅝	-⅛	3.53
Ontario 6¼ 04	1500	102⅝	103		5.78

	Issued	Bid	Offer	Chg	Yield
Spain 7¼ 03	4000	109¼	109¾	+⅛	5.45
Volkswagen Intl Fin 7 03	1000	106⅝	107⅛		5.73
World Bank 5⅞ 03	3000	103⅛	103⅜	+⅛	5.32
World Bank 6⅛ 02	3000	104⅞	105		5.12
World Bank 7⅛ 05	3000	108¼	108⅜	+⅛	5.84
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	38¾	39½	-⅛	5.08
Austria 4½ 00	1000	105⅞	106		2.53
Council Europe 4¾ 98	250	102¾	102⅞		2.29
Denmark 4¼ 99	1000	105	105⅜		2.36
EIB 3¾ 99	1000	103¼	103½		2.15
EIB 6¾ 04	300	115	115½		4.43
Finland 7¼ 99	300	111⅞	112¼		2.76
Iceland 7⅞ 00	100	114½	115⅛		3.28
Inter Amer Dev 4¾ 03	600	106⅛	106⅜	-⅛	3.69
Ontario 6¼ 03	400	113½	114	-⅛	3.73
Quebec Hydro 5 08	100	102¾	103½		4.68
SNCF 7 04	450	118⅝	119⅛	-⅛	4.15
Sweden 4¾ 03	500	106¼	106⅝		3.67
World Bank 0 21	700	29	29¼		5.09
World Bank 7 01	600	115¼	115½		3.07
YEN STRAIGHTS					
Belgium 5 99	75000	111¾	112		0.99
Credit Foncier 4¾ 02	75000	114¼	114½	+⅛	2.04
EIB 6⅝ 00	100000	117⅝	117⅞	-⅛	1.04
Ex-Im Bank Japan 4⅜ 03	105000	114¼	114½		2.10
Inter Amer Dev 7¼ 00	30000	120¼	120½	-⅛	1.13
Italy 3½ 01	300000	108⅜	108½	+⅛	1.57
Italy 5 04	200000	118⅜	118⅝		2.44
Japan Dev Bk 5 99	100000	111¼	111⅜	+⅛	0.87
Japan Dev Bk 6½ 01	120000	122½	122¾		1.54
SNCF 6¾ 00	30000	117¾	118		1.06
Spain 5¾ 02	125000	120	120¼		1.73
Sweden 4⅝ 98	150000	104⅝	104¾		0.45
World Bank 5¼ 02	250000	118⅛	118⅜		1.64
OTHER STRAIGHTS					
Genfinance Lux 7¾ 03 LFr	4000				
EIB 7⅛ 05 LFr	3000	108	109		5.92
Rabobank Nederld 6¼ 04 LFr	3000	113	114		6.14
Austria 6½ 99 Fl	1000	105¾	105⅞		3.90
PTT Nederland 6½ 05 Fl	1300	103⅝	103¾	+¼	5.98
Bell Canada 10⅝ 99 C$	150	112⅞	113¼	+⅛	5.11
British Columbia 7¾ 03 C$	1250	108¼	108½	+¼	6.28
Canada Mtg & Hsg 8¼ 99 C$	1000	108¼	108⅝	+¼	4.89
EIB 10⅛ 98 C$	130	107⅛	107⅜	+⅛	3.97
Elec de France 9¾ 99 C$	275	111⅝	112	+⅛	5.03
KfW Int Fin 10 01 C$	400	115⅝	116	+⅛	5.70
Nippon Tel Tel 10¼ 99 C$	200	113	113⅜	+⅛	5.17
Ontario 8 03 C$	1500	109⅝	109¾	+⅛	6.21
Ontario Hydro 10⅞ 99 C$	500	112¾	113	+⅛	4.78
Oster Kontrollbank 10¼ 99 C$	150	112½	112⅞	+⅛	4.97
Quebec Hydro 7 04 C$	1000	102¾	102⅞	+⅛	6.63
Quebec Prov 10½ 98 C$	200	110⅜	110⅞	+⅛	4.76
Council Europe 9 01 Ecu	1100	115⅝	115⅞	+⅛	5.29
Credit Foncier 8⅜ 04 Ecu	1000	111⅝	112¼		6.32
Denmark 8½ 02 Ecu	1000	114¼	114½	+⅛	5.35
EC 6 00 Ecu	1100	104⅝	104⅞	+⅛	4.66
EIB 10 01 Ecu	1150	118⅛	118⅜		4.98
Ferro del Stat 10⅛ 98 Ecu	500	105¾	106¼	-⅛	4.35
Italy 10¾ 00 Ecu	1000	117⅝	118		4.88
United Kingdom 9⅛ 01 Ecu	2750	115¼	115½		4.97
AIDC 10 99 A$	100	106⅞	107⅛	-⅛	6.87
Comm Bk Australia 13¾ 99 A$	100	116¼	116¾	-¼	7.00
EIB 7¾ 99 A$	350	103⅛	103⅝	-⅛	6.53
NSW Treasury Zero 0 20 A$	1000	15¾	16¼	-¼	8.03
R & I Bank 7¾ 03 A$	125	101	101⅜	-⅛	7.53
State Bk NSW 9 02 A$	300	106¾	107	-¼	7.49
Sth Aust Govt Fin 9 02 A$	150	107¼	107¾	+⅛	7.39
Unilever Australia 12 98 A$	150	106½	107		6.52
Western Aust Treas 7¾ 98 A$	100	101½	102		6.43

	Issued	Bid	Offer	Chg	Yield
Abbey Natl Treasury 8 03 £	1000	101	101⅛	+⅛	7.78
British Land 8⅞ 23 £	150	97⅛	97½	+⅛	9.37
Denmark 6¾ 98 £	800	99⅝	99¾		6.95
Depfa Finance 7⅛ 03 £	500	98⅛	98⅝	+⅛	7.82
EIB 8 03 £	1000	102¼	102⅜	+⅛	7.53
Glaxo Wellcome 8¾ 05 £	500	104½	104⅝	+⅛	8.02
Hanson Trust 10 06 £	550				
HSBC Holdings 11.69 02 £	153	115⅜	115¾	+⅛	8.14
Italy 10½ 14 £	400	121⅛	121⅜	+1	8.17
Japan Dev Bk 7 00 £	200	99¾	100	+¼	7.07
Land Secs 9½ 07 £	200	108¼	108½	+¼	8.27
Ontario 11⅛ 01 £	100	111⅝	111⅞	+⅛	7.72
Powergen 8⅞ 03 £	250	103¾	104	+¼	8.07
Severn Trent 11½ 99 £	150	108⅞	109⅛		7.51
Tokyo Elec Power 11 01 £	150	111¾	112⅛	+⅛	7.75
TCNZ Fin 9¼ 02 NZ$	75	107⅞	108⅜	+⅛	7.56
World Bank 9 99 NZ$	250	103½	103⅞	+¼	7.40
Credit Local 6 01 FFr	8000	104⅞	105⅛		4.85
Denmark 5½ 99 FFr	7000	103⅞	104⅛		4.03
Elec de France 8¾ 22 FFr	3000	123⅛	123½	+⅛	6.81

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -$\frac{1}{16}$ 99	1000	99.94	100.02	5.4375
Argentaria Global Fin 0 01	700	99.61	99.70	5.5000
Bankamerica ⅛ 99	750	99.98	100.07	5.6602
Canada -$\frac{1}{16}$ 99	2000	99.71	99.78	5.2500
CCCE 0 06 Ecu	200	99.68	99.90	4.0625
Commerzbk O/S Fin -⅛ 98	750	99.80	99.88	5.3750
Credit Lyonnais $\frac{1}{16}$ 00	300	98.20	98.57	5.9375
Dresdner Finance $\frac{1}{16}$ 98 DM	1000	99.98	100.08	3.1602
Fed Nat Mort -$\frac{1}{16}$ 00	1000	99.80	99.87	5.3125
Finland -⅛ 99	1500	99.95	100.02	5.3750
Halifax BS 0 99	500	100.11	100.20	5.5489
IMI Bank Intl ¼ 99	500	100.42	100.51	5.7500
Italy $\frac{1}{16}$ 99	1500	100.39	100.44	5.5938
Italy ⅛ 98 Ecu	1500	100.24	100.32	4.3125
LKB Baden-Wuert Fin -⅛ 98	1000	99.90	99.98	5.4375
Lloyds Bank Perp S 0.10	600	86.38	87.88	5.8296
Malaysia $\frac{1}{16}$ 05	650	99.83	99.97	5.6875
Nova Scotia $\frac{1}{16}$ 99	500	99.99	100.09	5.6875
Ontario 0 99	2000	100.09	100.16	5.5000
Portugal $\frac{1}{16}$ 99 DM	2500	100.34	100.40	3.1875
Quebec Hydro 0 99	500	99.76	99.88	5.5625
Renfe 0 98	500	99.80	99.94	5.4375
Spain -$\frac{1}{16}$ 02 DM	2000	100.11	100.17	3.3477
State Bk Victoria 0.05 99	125	100.00	100.12	5.8469
Sweden -⅛ 01	2000	99.95	100.01	5.3750
United Kingdom -⅛ 01	3000	99.79	99.82	5.3750

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Allied-Lyons 6¾ 08 £	200	6.04	93⅞	94⅞	+33.47
Gold Kalgoorlie 7½ 00	65	1.37	109	110½	-13.86
Grand Metropolitan 6½ 00	710	4.37	116	117	+4.83
Hanson America 2.39 01	420	17.949	80	83	
Hong Kong Land 4 01	410	31.05	93½	94½	-8.31
Land Secs 6¾ 02 £	84	6.72	108½	111½	-2.48
Lasmo 7¾ 05 £	90	5.64	94¼	95¼	
MBL Intl Fin 3 02	2000	32	106¼	106¾	-0.12
Mitsui Bank 2⅝ 03	200	2332.6	80¼	82¼	+75.80
Ogden 6 02	85	39.077	94	95	+90.82
Pennzoil 4¾ 03	500	58.8097	115½	116½	+3.11
Sandoz Capital 2 02	750	1302.26	107¼	108½	+8.83
Sappi BVI Finance 7½ 02	250	76	91⅛	92⅛	
Sapporo 1⅛ 00	40000	1059.4	100⅛	101⅛	+9.26
Sumitomo Bank 3⅛ 04	300	3606.9	92	93	+70.44
Sun Alliance 7¼ 08 £	155	3.9	117	117¾	+24.33
Transatlantic Hldgs 5½ 09 £	250	5.05	88½	89½	+10.80

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 13¼pc 1997‡‡	13.18	6.28	100½	-$\frac{1}{16}$	107$\frac{5}{16}$	100$\frac{15}{32}$
Exch 10½pc 1997	10.43	6.11	100$\frac{13}{16}$	—	107$\frac{5}{16}$	100$\frac{7}{16}$
Treas Cnv 7pc 1997‡‡	6.98	6.46	100$\frac{3}{16}$	—	101$\frac{13}{16}$	100$\frac{1}{16}$
Treas 8¾pc 1997‡‡	8.62	6.46	101½	—	107$\frac{13}{16}$	101½
Exch 15pc 1997	14.04	6.48	106⅞	—	114⅞	102$\frac{13}{16}$
Exch 9¾pc 1998	9.45	6.60	103⅛	+$\frac{1}{16}$	106⅞	100$\frac{3}{16}$
Treas 7¼pc 1998‡‡	7.20	6.66	100$\frac{11}{16}$	—	109$\frac{15}{16}$	100$\frac{1}{16}$
Treas 15½pc '98‡‡	13.58	6.84	114⅛	-$\frac{1}{16}$	122$\frac{7}{16}$	114⅛
Exch 12pc 1998	11.01	6.90	109	-$\frac{1}{16}$	114$\frac{7}{16}$	108$\frac{13}{16}$
Treas 9½pc 1999‡‡	9.06	6.95	104$\frac{27}{32}$	+$\frac{1}{16}$	108$\frac{7}{16}$	97$\frac{17}{32}$
Treas Flg Rate 1999	–	-	100$\frac{1}{16}$	—	100$\frac{1}{16}$	99¾
Exch 12¾pc 1999	11.05	6.88	110$\frac{29}{32}$	-$\frac{1}{16}$	116$\frac{29}{32}$	110$\frac{23}{32}$
Treas 10½pc 1999	9.75	6.96	107$\frac{27}{32}$	—	112$\frac{7}{16}$	107
Treas 6pc 1999‡‡	6.14	6.92	97$\frac{23}{32}$	—	99¼	96
Conversion 10¼pc 1999	9.47	7.06	108$\frac{3}{16}$	—	112$\frac{25}{32}$	107$\frac{13}{16}$
Conv 9pc 2000‡‡	8.55	7.12	105$\frac{7}{16}$	+$\frac{1}{16}$	108$\frac{23}{32}$	103$\frac{13}{16}$
Treas 13pc 2000	11.03	7.20	117$\frac{27}{32}$	+$\frac{1}{32}$	124$\frac{13}{16}$	117$\frac{13}{32}$
Treas 14pc 1998-1	12.78	6.79	109$\frac{9}{16}$	—	116$\frac{13}{16}$	109$\frac{3}{16}$
Treas 8pc 2000‡‡	7.79	7.17	102$\frac{23}{32}$	+⅛	105⅞	101$\frac{3}{16}$
Treas Flg Rate 2001	5.68	-	100$\frac{1}{16}$	—	100$\frac{1}{16}$	99¾
Treas 10pc 2001	9.13	7.27	109$\frac{9}{16}$	+$\frac{1}{16}$	114	100$\frac{29}{32}$
Treas 7pc 2001‡‡	7.08	7.26	98$\frac{27}{32}$	+$\frac{1}{32}$	101$\frac{1}{16}$	98½
Five to Fifteen Years						
Treas 7pc 2002‡‡	7.10	7.28	98$\frac{21}{32}$	+$\frac{1}{32}$	99$\frac{21}{32}$	90⅝
Treas 9¾pc 2002	8.81	7.39	110$\frac{21}{32}$	+$\frac{1}{16}$	114⅝	106⅞
Treas 8pc 2003‡‡	7.77	7.38	103	+$\frac{1}{16}$	105$\frac{25}{32}$	99$\frac{13}{32}$
Treas 10pc 2003	8.83	7.43	113¼	+⅛	117$\frac{5}{16}$	108½
Treas 11½pc 2001-4	9.98	7.28	115$\frac{5}{16}$	+$\frac{1}{16}$	121⅞	114$\frac{7}{16}$
Funding 3½pc 1999-4	4.19	6.21	83$\frac{19}{32}$	+$\frac{1}{16}$	85$\frac{3}{16}$	78¾
Conversion 9½pc 2004	8.49	7.45	111$\frac{15}{16}$	+$\frac{1}{16}$	114$\frac{3}{16}$	107$\frac{13}{16}$
Treas 6¾pc 2004‡‡	7.04	7.42	95$\frac{27}{32}$	+$\frac{1}{16}$	97$\frac{13}{16}$	91$\frac{3}{16}$
Conv 9½pc 2005	8.48	7.50	112$\frac{1}{32}$	+$\frac{1}{16}$	114$\frac{13}{16}$	106$\frac{1}{16}$
Treas 12½pc 2003-5	9.86	7.46	126$\frac{27}{32}$	+¼	131⅛	123$\frac{13}{16}$
Treas 8½pc 2005‡‡	7.99	7.48	106$\frac{11}{16}$	+$\frac{1}{16}$	108$\frac{13}{16}$	101⅞
Treas 7½pc 2006‡‡	7.52	7.51	99$\frac{25}{32}$	+$\frac{1}{32}$	101$\frac{27}{32}$	94$\frac{13}{32}$
Treas 7¾pc 2006‡‡	7.65	7.53	101$\frac{5}{16}$	+$\frac{1}{16}$	103¼	96$\frac{5}{16}$
Treas 8pc 2002-6‡‡	7.89	7.48	101$\frac{13}{32}$	+$\frac{1}{16}$	104$\frac{13}{32}$	97⅝
Treas 11¾pc 2003-7	9.75	7.45	120½	+$\frac{1}{16}$	125$\frac{5}{16}$	116$\frac{13}{32}$
Treas 8½pc 2007‡‡	7.97	7.55	106$\frac{21}{32}$	+$\frac{1}{32}$	108$\frac{27}{32}$	101$\frac{3}{16}$
Treas 9pc 2008‡‡	8.12	7.58	110$\frac{27}{32}$	+⅛	112$\frac{27}{32}$	103$\frac{13}{16}$
Treas 8pc 2009	7.81	7.61	102$\frac{13}{32}$	+$\frac{1}{16}$	104$\frac{27}{32}$	96$\frac{21}{32}$
Treas 6 1/4pc 2010‡‡	7.10	7.65	87$\frac{31}{32}$	+⅛	89$\frac{15}{16}$	81¾
Conv 9pc Ln 2011‡‡	8.07	7.65	111$\frac{17}{32}$	+$\frac{1}{16}$	113$\frac{27}{32}$	104⅝
Over Fifteen Years						
Treas 9pc 2012‡‡	8.04	7.65	111$\frac{31}{32}$	+¼	114$\frac{3}{16}$	104$\frac{27}{32}$
Treas 5½pc 2008-12‡‡	6.71	7.39	81$\frac{31}{32}$	+$\frac{1}{16}$	84$\frac{3}{16}$	75⅞
Treas 8pc 2013‡‡	7.77	7.66	102$\frac{31}{32}$	+¼	105$\frac{13}{16}$	95$\frac{13}{16}$
Treas 7¾pc 2012-15‡‡	7.75	7.64	99$\frac{31}{32}$	+$\frac{1}{16}$	103$\frac{3}{16}$	93$\frac{13}{16}$
Treas 8pc 2015‡‡	7.72	7.62	103$\frac{5}{16}$	+$\frac{1}{16}$	106$\frac{5}{16}$	95$\frac{13}{16}$
Treas 8¾pc 2017‡‡	7.90	7.68	110$\frac{27}{32}$	+$\frac{1}{32}$	113½	102½
Exch 12pc 2013-17	8.45	-	142$\frac{3}{16}$	—	144⅞	130$\frac{13}{16}$
Treas 8pc 2021‡‡	7.89	7.62	104	+$\frac{1}{32}$	106$\frac{25}{32}$	95$\frac{25}{32}$
Undated						
Consols 4pc	8.00	-	50$\frac{1}{16}$	+¼	51$\frac{13}{16}$	46⅝
War Loan 3½pc‡‡	7.84	-	44$\frac{21}{32}$	-⅛	46$\frac{23}{32}$	41$\frac{3}{16}$
Conv 3½pc '61 Aft	5.66	-	61$\frac{13}{16}$	-$\frac{1}{32}$	63$\frac{25}{32}$	56$\frac{3}{16}$
Treas 3pc '66 Aft	8.11	-	36$\frac{31}{32}$	—	122⅞	34$\frac{3}{16}$
Consols 2½pc	7.82	-	31$\frac{31}{32}$xd	—	33⅛	29⅝
Treas. 2½pc	7.65	-	32$\frac{21}{32}$	—	32$\frac{21}{32}$	29⅝

Notes		Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
Index-Linked	(b)						
4⅝pc '98‡‡	(135.6)	0.03	2.11	113$\frac{13}{16}$	+$\frac{1}{16}$	114⅝	111$\frac{3}{16}$
2½pc '01	(78.3)	2.62	3.23	185$\frac{1}{16}$	+$\frac{1}{16}$	185$\frac{13}{16}$	176¼
2½pc '03	(78.8)	2.85	3.30	181$\frac{11}{16}$	+$\frac{1}{16}$	182$\frac{3}{16}$	171$\frac{13}{16}$
4⅝pc '04‡‡	(135.6)	2.92	3.32	118$\frac{5}{16}$	+$\frac{1}{16}$	119	112$\frac{13}{16}$
2pc '06	(69.5)	3.09	3.40	190$\frac{5}{16}$	+$\frac{1}{16}$	192$\frac{3}{16}$	179$\frac{13}{16}$
2½pc '09	(78.8)	3.20	3.45	171$\frac{13}{16}$	+$\frac{1}{16}$	173$\frac{3}{16}$	161½
2½pc '11	(74.6)	3.27	3.50	177$\frac{13}{16}$	+$\frac{1}{16}$	179$\frac{13}{16}$	168$\frac{3}{16}$
2½pc '13	(89.2)	3.34	3.53	146$\frac{5}{16}$	+$\frac{1}{16}$	148	136$\frac{3}{16}$
2½pc '16	(81.6)	3.39	3.56	155$\frac{13}{16}$	+½	157⅞	145$\frac{5}{16}$
2½pc '20	(83.0)	3.46	3.62	149$\frac{5}{16}$	+$\frac{1}{16}$	151⅛	138$\frac{13}{16}$
2½pc '24‡‡	(97.7)	3.47	3.61	123$\frac{13}{16}$	+½	126$\frac{3}{16}$	115$\frac{3}{16}$
4⅛pc '30‡‡	(135.1)	3.47	3.61	121$\frac{13}{16}$	+½	124$\frac{3}{16}$	113$\frac{13}{16}$

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for April 1996: 152.6 and for November 1996: 153.9.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Asian Dev 10¼pc 2009	8.69	7.92	118	—	120¼	111$\frac{13}{16}$
B'ham 11½pc 2012	9.02	8.35	127½	—	129½	119½
Leeds 13½pc 2006	10.04	-	134½	—	136½	129
Liverpool 3½pc Irred	8.54	-	41½	—	42	37½
LCC 3pc '20 Aft	8.57	-	35	—	38	32½
Manchester 11½pc 2007	9.31	8.20	123½	—	124½	117
Met. Wtr. 3pc 'B'	3.75	6.88	80	—	80	73½
N'wide Anglia 3⅞pc 2021	-	4.17	145⅞xd	—	147$\frac{3}{16}$	133
4¼pc IL 2024	-	4.29	139$\frac{13}{16}$	—	140⅝	130½
Utd Mex States 16½pc 2008	12.22	-	135	—	136½	122

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.
Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices.

CURRENCIES AND MONEY

Pound surges on interest rate speculation

MARKETS REPORT

By Graham Bowley

The pound resumed its relentless upward climb on the foreign exchanges yesterday amid intense speculation that UK interest rates may rise early next year.

The minutes of the October 30 meeting between Mr Kenneth Clarke, the UK chancellor, and Mr Eddie George, governor of the Bank of England, left some traders expecting a further interest rate increase as soon as January.

In generally thin trading as markets wound up for the Christmas period, the pound was the only big mover of the day.

The dollar remained firm, supported by economic data which showed a pick-up in consumer spending but a fall in consumer sentiment in December. The decline in the University of Michigan sentiment index triggered a rise in US Treasuries which in turn supported the US currency and dragged other government bond markets higher.

UK gilts advanced more than half a point, despite the speculation about higher interest rates.

Higher than expected German inflation data failed to have much impact on the D-Mark. The German currency held its own against most other European currencies although it lost some ground to the yen.

The lira firmed as confidence in the currency continued to build following the Italian parliament's approval on Sunday of the centre-left government's 1997 austerity budget.

The pound closed at $1.6735, up about half a cent from Friday's finish. Against the D-Mark, it closed at DM2.5999, up one pfennig.

The dollar ended flat against the D-Mark at $1.5536. It ended at Y113.96 against the Japanese yen.

■ The pound's rally, which appeared to have run out of steam at the start of this month, continued in earnest yesterday.

The currency's sharp rise since the summer has been fuelled by signs of strong economic growth, creating the perception that interest rates may have to be increased again soon.

This perception was reinforced yesterday after the minutes of the October 30 monetary meeting suggested that the Bank of England did not think that the quarter point rate increase agreed at the meeting would be enough to contain inflation.

"It looks pretty clear-cut that the Bank of England will be pushing for higher interest rates at the next meeting," said Mr Steve Hannah, at IBJ International in London.

■ As the New Year approaches, there is a wide variety of opinion among analysts about what will be the big events in the currency markets in 1997.

One important theme, of course, will be European monetary union. Mr Hannah said currencies would move according to the "degree to which European countries can or cannot attain the tight budget targets they have set themselves".

He said the Dublin summit had shown that countries' budget performance would be interpreted politically rather than according to the strict Maastricht criteria.

He said the pound had room to rise further next year since both "UK gilts and equities now look cheap".

Mr Chris Turner, currency analyst at BZW in London, said he was looking for a continuation of the dollar's gradual crawl upwards against the D-Mark. "Not so much because we expect a weak euro but because we think the tight fiscal policies necessary to qualify for Emu will mean countries will have to adopt easier monetary policies," he said. Against the yen, there was scope for the dollar to rise to Y120 as Japanese rates remained low, he said.

But Mr Mark Cliffe, international economist at HSBC Markets in London, said next year would see a strong appreciation by the yen against the dollar and the D-Mark.

He said: "Our perception is that the Japanese authorities are laying the ground for a yen recovery. They have indicated that the economy is stronger than most people think it is. They will not be in a hurry, but by the end of the year they will be massaging the yen higher."

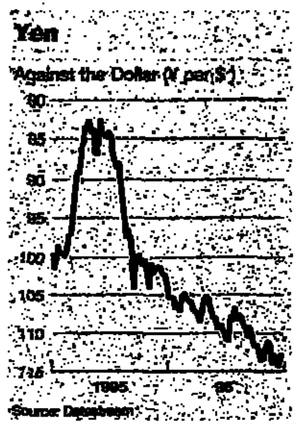
He said this process would be helped by a deterioration in the US trade position, by the Bank of Japan raising interest rates and by a disappointing performance by the US economy.

■ Pound in New York

Dec 23	—Latest—	– Prev. close –
£ spot	1.6715	1.6720
1 mth	1.6708	1.6702
3 mth	1.6680	1.6685
1 yr	1.6534	1.6536

Yen

Against the Dollar (Y per $)



Source: Datastream

■ OTHER CURRENCIES

Dec 23	£	$
Czech Rp	45.7582 - 45.8191	27.3510 - 27.3710
Hungary	269.855 - 270.351	161.300 - 161.500
Iran	5022.00 - 5019.00	3000.00 - 3000.00
Kuwait	0.5014 - 0.5025	0.2997 - 0.3002
Poland	4.7831 - 4.7893	2.8590 - 2.8610
Russia	9285.82 - 9294.05	5551.00 - 5552.00
U.A.E.	6.1438 - 6.1494	3.6724 - 3.6729

POUND SPOT FORWARD AGAINST THE POUND

Dec 23		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.2966	+0.0709	852 - 079	18.3212	18.2197	18.2531	2.9	18.1966	2.2	-	-	104.3
Belgium	(BFr)	53.5688	+0.2344	193 - 182	53.6420	53.3620	53.4438	2.8	53.1788	2.9	51.9838	3.0	105.0
Denmark	(DKr)	9.9519	+0.035	460 - 578	9.9614	9.9106	9.932	2.4	9.8914	2.4	9.7125	2.4	106.7
Finland	(FM)	7.7642	+0.0358	579 - 704	7.7750	7.7330	-	-	-	-	-	-	84.5
France	(FFr)	8.7721	+0.0269	690 - 751	8.7935	8.7450	8.7514	2.8	8.7097	2.8	8.5049	3.0	107.8
Germany	(DM)	2.5999	+0.01	983 - 014	2.6042	2.5891	2.5934	3.0	2.5801	3.0	2.5153	3.2	106.2
Greece	(Dr)	413.279	+1.437	014 - 545	413.955	410.511	-	-	-	-	-	-	66.2
Ireland	(I£)	1.0080	+0.0015	072 - 087	1.0089	1.0032	1.0077	0.4	1.0067	0.5	1.0002	0.8	102.3
Italy	(L)	2555.14	+8.17	325 - 704	2560.11	2546.33	2558.94	-1.8	2568.44	-1.8	2570.94	-0.6	78.0
Luxembourg	(LFr)	53.5688	+0.2344	193 - 182	53.6420	53.3620	53.4438	2.8	53.1788	2.9	51.9838	3.0	105.0
Netherlands	(Fl)	2.9179	+0.0121	165 - 193	2.9223	2.9058	2.9101	3.2	2.8946	3.2	2.8211	3.3	104.9
Norway	(NKr)	10.8257	+0.0441	208 - 308	10.8430	10.7740	10.8132	1.4	10.7932	1.2	10.6882	1.3	99.7
Portugal	(Es)	261.852	+0.763	490 - 814	262.456	261.199	261.947	-0.9	262.217	-0.9	-	-	95.4
Spain	(Pta)	219.070	+0.982	979 - 160	219.420	218.252	219.15	-0.4	219.03	0.1	218.921	0.1	79.2
Sweden	(SKr)	11.4631	+0.0568	554 - 728	11.4728	11.4000	11.4441	2.0	11.3995	2.2	11.1901	2.4	87.7
Switzerland	(SFr)	2.2358	+0.0101	343 - 373	2.2445	2.2264	2.2277	4.3	2.2125	4.2	2.141	4.2	104.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	94.5
Ecu		1.3497	+0.0057	489 - 504	1.3519	1.3441	1.3478	1.7	1.3433	1.9	1.3218	2.1	-
SDR†		1.158650	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6732	+0.0073	727 - 737	1.6762	1.6682	-	-	-	-	-	-	-
Brazil	(R$)	1.7381	+0.0079	374 - 388	1.7412	1.7326	-	-	-	-	-	-	-
Canada	(C$)	2.2873	+0.0087	862 - 884	2.2938	2.2826	2.2822	2.7	2.2713	2.8	2.2123	3.3	84.5
Mexico	(New Peso)	13.1127	+0.0416	046 - 208	13.1568	13.0950	-	-	-	-	-	-	-
USA	($)	1.6735	+0.0068	730 - 740	1.6770	1.6690	1.6728	0.5	1.6701	0.8	1.6559	1.1	98.3
Pacific/Middle East/Africa													
Australia	(A$)	2.1012	+0.0046	996 - 025	2.1091	2.0958	2.1025	-0.7	2.1032	-0.4	2.1028	-0.1	94.9
Hong Kong	(HK$)	12.9495	+0.0527	448 - 542	12.9761	12.9138	12.9422	0.7	12.9284	0.7	12.8837	0.7	-
India	(Rs)	59.9615	+0.2260	595 - 851	60.0790	59.8120	-	-	-	-	-	-	-
Israel	(Shk)	5.4760	+0.0207	722 - 855	5.4934	5.4536	-	-	-	-	-	-	-
Japan	(Y)	190.712	+0.425	598 - 826	191.580	190.530	189.782	5.9	187.927	5.8	179.512	5.9	128.4
Malaysia	(M$)	4.2303	+0.02	282 - 324	4.2391	4.2182	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3632	+0.0114	613 - 651	2.3680	2.3600	2.3699	-3.4	2.3794	-2.7	2.4002	-1.6	112.3
Philippines	(Peso)	44.0131	+0.1789	684 - 597	44.0597	43.8684	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.2765	+0.0255	744 - 785	6.2894	6.2599	-	-	-	-	-	-	-
Singapore	(S$)	2.3438	+0.0111	422 - 453	2.3479	2.3358	-	-	-	-	-	-	-
South Africa	(R)	7.8521	+0.0478	455 - 586	7.8663	7.8193	-	-	-	-	-	-	-
South Korea	(Won)	1414.02	+6.16	352 - 453	1416.90	1409.30	-	-	-	-	-	-	-
Taiwan	(T$)	46.0196	+0.1753	042 - 350	46.1141	45.2006	-	-	-	-	-	-	-
Thailand	(Bt)	42.8418	+0.149	204 - 628	42.9140	42.7360	-	-	-	-	-	-	-

† Rates for Dec 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 23		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	10.9331	-0.0021	296 - 366	10.9380	10.9070	10.9205	1.6	10.8752	2.2	10.6802	2.3	104.2
Belgium	(BFr)	32.0100	+0.01	900 - 300	32.0300	31.8800	31.94	2.2	31.8125	2.3	31.2725	2.3	104.9
Denmark	(DKr)	5.9468	-0.0032	450 - 485	5.9485	5.9339	5.9411	1.8	5.9227	1.8	5.841	1.8	106.2
Finland	(FM)	4.6395	+0.0025	371 - 418	4.6418	4.6284	4.6282	2.3	4.6094	2.4	4.527	2.4	84.0
France	(FFr)	5.2418	-0.0052	415 - 420	5.2530	5.2365	5.2386	1.9	5.2207	2.0	5.145	1.9	107.4
Germany	(DM)	1.5536	-0.0028	531 - 540	1.5544	1.5500	1.551	2.2	1.5451	2.3	1.5202	2.2	106.5
Greece	(Dr)	246.955	-0.145	870 - 040	247.120	245.550	248.855	-7.6	251.225	-6.7	262.25	-6.1	65.9
Ireland	(I£)	1.6603	+0.0043	596 - 610	1.6655	1.6575	1.6605	-0.1	1.6602	0.0	1.6523	0.5	-
Italy	(L)	1526.83	-1.22	615 - 750	1530.50	1524.75	1531.32	-3.5	1537.75	-2.5	1550.8	-1.3	77.7
Luxembourg	(LFr)	32.0100	+0.01	900 - 300	32.0300	31.8800	31.94	2.2	31.8125	2.3	31.2725	2.3	104.9
Netherlands	(Fl)	1.7436	+0.0001	433 - 438	1.7441	1.7400	1.7397	2.6	1.7317	2.7	1.6992	2.7	104.8
Norway	(NKr)	6.4689	+0.0001	679 - 699	6.4765	6.4515	6.465	0.7	6.4594	0.6	6.4338	0.5	99.3
Portugal	(Es)	156.350	-0.18	300 - 400	156.550	156.150	156.735	-1.6	157.03	-1.3	157.805	-0.8	95.5
Spain	(Pta)	130.905	+0.055	860 - 950	131.000	130.680	130.95	-0.9	131.12	-0.8	131.215	-0.3	78.1
Sweden	(SKr)	6.8498	+0.0242	460 - 535	6.8539	6.8219	6.8228	0.5	6.8129	0.7	6.7556	0.8	87.7
Switzerland	(SFr)	1.3360	+0.0005	355 - 365	1.3403	1.3350	1.3316	3.5	1.3237	3.5	1.2909	3.3	104.6
UK	(£)	1.6735	+0.0068	730 - 740	1.6770	1.6690	1.6728	0.5	1.6701	0.8	1.6559	1.1	98.3
Ecu		1.2400	+0.0002	398 - 403	1.2428	1.2384	1.2415	-1.3	1.2447	-1.4	1.2612	-1.7	-
SDR†		0.686407	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	+0.0003	998 - 998	0.9999	0.9996	-	-	-	-	-	-	-
Brazil	(R$)	1.0386	+0.0005	385 - 387	1.0387	1.0381	-	-	-	-	-	-	-
Canada	(C$)	1.3668	-0.0004	665 - 670	1.3685	1.3632	1.3646	2.1	1.3596	2.2	1.3323	2.6	83.9
Mexico	(New Peso)	7.8355	-0.007	330 - 380	7.8380	7.8330	7.9605	-18.1	8.227	-19.6	9.0875	-15.9	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.3
Pacific/Middle East/Africa													
Australia	(A$)	1.2556	-0.0023	552 - 560	1.2560	1.2552	1.2584	-1.4	1.2613	-1.1	1.2668	-0.7	96.6
Hong Kong	(HK$)	7.7380	+0.0007	375 - 385	7.7385	7.7370	7.7372	0.0	7.7378	0.0	7.7488	-0.1	-
India	(Rs)	35.8300	-0.01	800 - 800	35.8600	35.7800	36.055	-7.2	36.515	-7.5	-	-	-
Israel	(Shk)	3.2739	+0.0005	709 - 769	3.2805	3.2674	-	-	-	-	-	-	-
Japan	(Y)	113.960	-0.21	920 - 000	114.400	113.910	113.695	5.0	112.69	5.2	108.49	5.0	128.8
Malaysia	(M$)	2.5278	+0.0017	273 - 283	2.5283	2.5262	2.529	-1.4	2.5345	-1.3	2.5545	-1.2	-
New Zealand	(NZ$)	1.4121	+0.0011	114 - 128	1.4140	1.4114	1.4165	-4.7	1.4208	-2.5	1.4523	-2.8	-
Philippines	(Peso)	26.3000	-	800 - 200	26.3200	26.2800	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	504 - 506	3.7506	3.7504	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4005	+0.0009	000 - 010	1.4010	1.3993	1.3974	1.8	1.3926	1.9	1.3716	2.0	-
South Africa	(R)	4.6920	+0.0095	895 - 945	4.6945	4.6820	4.7232	-10.4	4.7982	-9.9	5.113	-9.2	-
South Korea	(Won)	844.850	+0.25	900 - 000	845.000	844.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.4990	-0.007	980 - 000	27.5000	27.4960	27.5081	-0.4	27.5063	0.0	-	-	-
Thailand	(Bt)	25.6000	-0.015	950 - 050	25.6070	25.5950	25.705	-4.9	25.8725	-4.0	26.51	-3.5	-

† SDR rate per $ for Dec 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Dec 20: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

December 23	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	6.00	2.50	-
France	3 1/8	3 1/8	3 1/8	3 1/8	3 1/8	3.15	-	4.75
Germany	3	3 1/4	3 1/4	3 1/4	3 1/4	4.50	2.50	3.00
Ireland	5 7/8	5 7/8	5 7/8	5 7/8	6 1/4	-	-	6.25
Italy	7 1/4	7 1/4	7 1/8	6 7/8	6 1/2	9.00	7.50	7.39
Netherlands	2 7/8	3	3 1/8	3 1/4	3 1/4	-	3.00	3.30
Switzerland	1 1/8	2 1/4	2 1/4	2	2	-	1.00	-
US	5 5/8	5 1/2	5 1/2	5 1/2	5 3/4	-	5.00	-
Japan	1/2	1/2	1/2	1/2	1/2	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 1/2	5 1/2	5 5/8	5 7/8	-	-	-
US Dollar CDs	-	4.90	5.09	5.18	5.34	-	-	-
ECU Linked Ds	-	4 1/2	4 1/2	4 1/2	4 1/2	-	-	-
SDR Linked Ds	-	3 1/2	3 1/2	3 5/8	3 1/2	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Dec 23	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 1/8 - 2 15/16	3 1/8 - 2 15/16	3 5/16 - 3 3/16	3 3/8 - 3 1/4	3 1/8 - 3 1/4	3 1/4 - 3 1/8
Danish Krone	3 13/16 - 3 1/2	3 3/4 - 3 7/16	3 5/8 - 3 1/2	3 11/16 - 3 9/16	3 13/16 - 3 5/8	3 15/16 - 3 13/16
D-Mark	3 1/8 - 2 7/8	3 3/32 - 3 1/8	3 5/16 - 3 3/16	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 1/4 - 3 1/8
Dutch Guilder	2 15/16 - 2 13/16	3 - 2 7/8	3 1/16 - 2 31/32	3 1/16 - 3	3 1/16 - 3	3 3/16 - 3 1/8
French Franc	3 3/8 - 3 3/16	3 3/8 - 3 7/32	3 13/32 - 3 1/4	3 13/32 - 3 9/32	3 7/16 - 3 5/16	3 17/32 - 3 13/32
Portuguese Esc.	6 3/4 - 5 31/32	6 3/4 - 6 21/32	6 11/16 - 6 5/8	6 13/16 - 6 11/16	6 1/16 - 5 15/16	6 - 5 7/8
Spanish Peseta	6 3/8 - 6 1/32	6 13/32 - 6 9/32	6 3/8 - 6 1/4	6 3/8 - 6 1/4	6 1/8 - 6	5 31/32 - 5 7/8
Sterling	5 7/8 - 5 1/4	5 7/8 - 5 3/4	6 3/32 - 6 1/32	6 7/32 - 6 3/32	6 5/8 - 6 1/2	6 13/16 - 6 7/8
Swiss Franc	1 1/2 - 1 3/8	1 5/8 - 1 1/2	2 3/16 - 2 1/16	2 1/8 - 2	2 1/16 - 1 15/16	2 1/8 - 2
Can. Dollar	3 1/16 - 2 7/8	3 - 2 7/8	3 1/32 - 2 29/32	3 3/16 - 3 1/16	3 3/8 - 3 1/4	3 3/4 - 3 5/8
US Dollar	5 11/16 - 5 7/32	6 1/16 - 6 1/16	5 15/32 - 5 15/32	5 19/32 - 5 15/32	5 19/32 - 5 15/32	5 3/4 - 5 21/32
Italian Lira	8 - 7	7 7/16 - 7 1/16	7 7/16 - 7 5/16	7 1/8 - 7 1/32	6 13/16 - 6 23/32	6 1/2 - 6 13/32
Yen	17/32 - 13/32	15/32 - 13/32	3/8 - 1/16	3/8 - 1/4	1/8 - 3/32	1/2 - 1/8
Asian $Sing	3 1/16 - 2 15/16	3 1/8 - 3	3 3/8 - 3 1/4	3 3/8 - 3 1/4	3 3/8 - 3 1/4	3 9/16 - 3 7/16

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.70	96.69	-	96.70	96.69	2,636	68,394
Jun	96.68	96.67	-	96.69	96.66	911	35,021
Sep	96.61	96.61	+0.01	96.61	96.60	265	-

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.86	96.86	-0.01	96.87	96.86	8215	203845
Jun	96.79	96.82	+0.01	96.82	96.79	3265	169869
Sep	96.68	96.68	-	96.69	96.68	1709	139620
Dec	96.49	96.49	-	96.50	96.48	563	124824

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jan	96.90	96.90	-	96.90	96.90	200	10521
Feb		96.91	-			0	9446
Mar		96.91	-			0	2592
Apr		96.89	-			0	732

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.61	93.48	-0.13	93.61	93.46	9514	95253
Jun	93.95	93.85	-0.14	93.97	93.83	2853	53948
Sep	94.11	94.02	-0.11	94.11	93.98	585	29709
Dec	94.12	94.03	-0.10	94.13	94.02	375	15766

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.08	98.08	-0.03	98.09	98.05	1297	44315
Jun	97.99	97.99	-0.02	98.00	97.95	197	15337
Sep	97.85	97.86	-0.02	97.87	97.85	83	7845
Dec	97.72	97.69	-0.02	97.72	97.72	50	3756

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.46	99.46	-0.01	99.46	99.46	50	na
Jun		99.41	-0.01			0	na
Sep	99.31	99.31		99.31	99.31	10	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.96	95.96	-	95.97	95.95	135	9668
Jun	95.97	95.98	-	95.97	95.95	75	4451
Sep	95.90	95.91	-	95.90	95.90	1	3095
Dec		95.81	-			0	3237

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9325	0.37	0.76	0.96	0.14	0.16	0.19
9350	0.22	0.58	0.78	0.24	0.23	0.26
9375	0.12	0.41	0.61	0.39	0.31	0.34

Est. vol. total, Calls 150 Puts 101. Previous day's open int., Calls 66046 Puts 48574

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec 23		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.58	16.37	4.852	1.882	4769	5.445	20.22	488.3	408.8	21.39	4.174	1.867	4.269	3.125	356.0	2.518
Denmark	(DKr)	53.83	10	8.814	2.612	1.013	2567	2.931	10.88	262.9	220.1	11.52	2.247	1.005	2.298	1.682	191.6	1.356
France	(FFr)	61.07	11.36	10	2.963	1.149	2913	3.325	12.35	298.2	249.7	13.06	2.549	1.140	2.607	1.908	217.4	1.538
Germany	(DM)	20.61	3.829	3.375	1	0.388	983.1	1.122	4.167	100.7	84.26	4.408	0.860	0.385	0.880	0.644	73.37	0.519
Ireland	(I£)	53.14	9.873	8.702	2.578	1	2535	2.894	10.74	259.5	217.3	11.37	2.218	0.992	2.269	1.661	189.2	1.338
Italy	(L)	2.097	0.390	0.343	0.102	0.039	100.	0.114	0.424	10.24	8.571	0.449	0.088	0.039	0.090	0.066	7.464	0.053
Netherlands	(Fl)	18.36	3.412	3.007	0.891	0.346	875.9	1	3.713	89.68	75.08	3.929	0.767	0.343	0.784	0.574	65.38	0.462
Norway	(NKr)	49.46	9.189	8.100	2.400	0.931	2359	2.693	10	241.6	202.2	10.58	2.065	0.923	2.112	1.546	176.1	1.246
Portugal	(Es)	20.48	3.804	3.353	0.994	0.385	976.7	1.115	4.140	100.	83.72	4.381	0.855	0.382	0.874	0.640	72.90	0.516
Spain	(Pta)	24.46	4.544	4.005	1.187	0.460	1167	1.332	4.945	119.5	100.	5.233	1.021	0.457	1.044	0.764	87.08	0.616
Sweden	(SKr)	46.75	8.684	7.654	2.268	0.880	2229	2.545	9.450	228.3	191.1	10	1.951	0.873	1.996	1.461	166.4	1.177
Switzerland	(SFr)	23.96	4.451	3.923	1.162	0.451	1143	1.305	4.843	117.0	97.94	5.125	1	0.447	1.023	0.749	85.29	0.603
UK	(£)	53.57	9.952	8.772	2.599	1.008	2555	2.917	10.83	261.6	219.0	11.46	2.236	1	2.287	1.674	190.7	1.349
Canada	(C$)	23.42	4.352	3.836	1.136	0.441	1117	1.275	4.735	114.4	95.76	5.011	0.978	0.437	1	0.732	83.38	0.590
US	($)	32.00	5.945	5.240	1.553	0.602	1526	1.743	6.470	156.3	130.8	6.846	1.336	0.597	1.366	1	113.9	0.806
Japan	(Y)	28.09	5.219	4.600	1.363	0.529	1340	1.530	5.679	137.2	114.8	6.009	1.173	0.524	1.199	0.878	100.	0.707
Ecu		39.71	7.377	6.503	1.927	0.747	1894	2.162	8.028	193.9	162.3	8.495	1.658	0.741	1.695	1.241	141.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6481	0.6460	-0.0014	0.6472	0.6460	8,362	47,184
Jun	0.6510	0.6510	-0.0003	0.6510	0.6510	11	4,388
Sep	-	0.6539	-	-	-	50	1,693

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8859	0.8883	+0.0029	0.8883	0.8857	9,201	52,844
Jun	-	0.8984	+0.0016	0.8978	0.8958	121	1,426
Sep	-	0.9108	-	-	-	50	85

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7556	0.7541	-0.0010	0.7546	0.7526	8,558	43,594
Jun	0.7600	0.7608	-0.0010	0.7608	0.7600	6	1,387
Sep	-	0.7695	-	0.7695	-	21	1,800

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6570	1.6718	+0.0054	1.6744	1.6656	4,242	25,389
Jun	1.6690	1.6690	+0.0064	1.6690	1.6690	3	2,152
Sep	-	1.6580	-	-	-	15	1,027

UK INTEREST RATES

LONDON MONEY RATES

Dec 23	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 1/4 - 5 3/4	5 13/16 - 5 5/8	6 1/4 - 6	6 1/4 - 6 5/32	6 3/4 - 6 1/2	7 - 6 7/8
Sterling CDs	-	-	6 1/8 - 6	6 3/16 - 6 1/16	6 1/2 - 6 3/8	6 3/4 - 6 5/8
Treasury Bills	-	-	5 7/8 - 5 3/4	6 - 5 7/8	-	-
Bank Bills	-	-	5 15/16 - 5 7/8	6 1/16 - 6	6 1/4 - 6 3/16	-
Local authority deps.	5 3/4 - 5 3/8	5 1/4 - 5 3/4	6 1/4 - 6	6 1/4 - 6 1/8	6 5/8 - 6 1/2	6 3/4 - 6 5/8
Discount Market deps	6 - 5 3/4	5 7/8 - 5 3/4	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 1/2

Certs of Tax dep. under £100,000 is 2 1/2 pc. Deposits withdrawn for cash 1 1/2 pc.
Ave. tender rate of discount on Dec 13, 5.8044pc. ECGD fixed rate Stlg. Export Finance. Make up day Nov 29, 1996. Agreed rate for period Dec 26, 1996 to Jan 25, 1997, Scheme III 7.61pc. Reference rate for period Nov 1, 1996 to Nov 29, 1996, Scheme IV & V 6.373pc. Finance House Base Rate 6 1/2 pc from Dec 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.29	93.29	-	93.30	93.28	8986	98699
Jun	93.04	93.04	-	93.05	93.03	2000	86799
Sep	92.87	92.87	+0.01	92.87	92.86	1581	57588
Dec	92.69	92.70	+0.01	92.71	92.69	446	43102
Mar	92.57	92.58	+0.01	92.58	92.55	373	32800

Also traded on APT. All Open interest figs. are for previous day

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9325	0.10	0.16	0.21	0.14	0.37	0.59
9350	0.05	0.07	0.13	0.26	0.53	0.76
9375	0.01	0.03	0.07	0.47	0.74	0.95

Est. vol. total, Calls 3300 Puts 250. Previous day's open int., Calls 184678 Puts 98145

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Cyprus Popular Bank	6.00	•Rea Brothers	6.00
Allied Irish Bank (GB)	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.00	•Singer & Friedlander	6.00
•Henry Ansbacher	6.00	Financial & Gen Bank	7.00	•Smith & Williman Secs	6.00
Bank of Baroda	6.00	•Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	Girobank	6.00	TSB	6.00
Bank of Cyprus	6.00	•Guinness Mahon	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	Habib Bank AG Zurich	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	•Hambros Bank	6.00	Western Trust	6.00
Bank of Scotland	6.00	Heritable & Gen Inv Bk	6.00	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	•Hill Samuel	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	C. Hoare & Co	6.00		
•Brown Shipley & Co Ltd	6.00	Hongkong & Shanghai	6.00	• Members of London Investment Banking Association	
Citibank NA	6.00	Julian Hodge Bank	6.00	* In administration	
Clydesdale Bank	6.00	•Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
		NatWestminster	6.00		

EMS EUROPEAN CURRENCY UNIT RATES

Dec 23	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.792214	0.752381	-0.001615	-5.03	7.72	39
Finland	5.85424	5.80081	+0.01102	-0.91	2.41	6
Portugal	197.398	195.741	+0.208	-0.84	2.33	6
Spain	163.826	163.641	+0.098	-0.11	1.59	1
Belgium	39.5600	39.6148	+0.0119	0.14	1.33	-2
France	6.40608	6.46216	+0.00177	0.48	1.26	-4
Netherlands	2.15979	2.16021	+0.00174	0.48	0.98	-4
Denmark	7.28580	7.32659	+0.00065	0.56	0.91	-7
Austria	13.4383	13.4864	+0.0109	0.62	0.85	-6
Germany	1.91007	1.91716	+0.00117	0.68	0.57	-7
Austria	13.5485	13.6720	+0.0145	0.91	0.58	-7
Denmark	7.34555	7.43997	+0.00526	1.29	0.27	-8
Italy	1906.48	1910.13	+1.26	1.48	0.00	-12
NON ERM MEMBERS						
Greece	295.269	309.905	+0.233	4.62	-3.00	-
UK	0.793103	0.788490	+0.00867	-0.58	2.33	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92 Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	Feb	Mar	PUTS Jan	Feb	Mar
1.660	1.72	2.51	2.91	1.02	1.64	2.49
1.670	1.20	2.03	2.47	1.50	2.45	2.98
1.680	0.81	1.61	2.05	2.11	3.03	3.55

Previous day's vol., Calls 294 Puts 527. Prev. day's open int., Calls 29,051 Puts 54,857

■ PHILADELPHIA SE DM/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Jan	Feb	Mar	PUTS Jan	Feb	Mar
0.635	1.11	-	-	0.24	0.43	0.59
0.640	0.77	1.16	1.40	0.35	0.61	0.76
0.645	0.48	0.88	1.12	0.57	0.84	0.99

Previous day's vol., Calls 315 Puts 676. Prev. day's open int., Calls 30,009 Puts 18,982

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.45	94.45	-	94.46	94.44	42,029	414,044
Jun	94.32	94.31	-0.01	94.33	94.30	45,233	335,556
Sep	94.18	94.19	-	94.20	94.17	32,987	219,200

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.98	94.99	+0.01	94.99	94.97	147	3,968
Jun	-	94.87	-	-	94.87	16	2,492
Sep	-	94.74	-	-	-	4	29

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jan	Feb	Mar	Jun	PUTS Jan	Feb	Mar	Jun
9675	0.12	0.14	0.16	0.21	0.01	0.03	0.05	0.14
9700	0.01	0.02	0.04	0.09	0.15	0.16	0.18	0.27
9725	0	0	0.01	0.03	0.39	0.38	0.40	0.46

Est. vol. total, Calls 841 Puts 22. Previous day's open int., Calls 275590 Puts 222118

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9800	0.15	0.20	0.23	0.07	0.32	0.46
9825	0.05	0.08	0.12	0.22	0.32	0.48
9850	0.01	0.02	0.13	0.48	0.39	0.31

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 3800 Puts 2870

COMMODITIES AND AGRICULTURE

UK farm incomes down as EU level climbs

By Alison Maitland

Farm incomes fell nearly 5 per cent this year in the UK, one of four European Union countries to suffer a setback, according to provisional figures from Eurostat, the EU statistical office.

The decline was caused not by the beef crisis but by the fall in the price of potatoes and the rise in the value of sterling, the UK's National Farmers' Union said.

Large EU and national pay-outs to farmers caught up in the BSE crisis have in effect cushioned them from a 14 per cent fall in EU cattle prices.

The Eurostat figures show that real farm incomes in the EU as a whole rose for the fourth year running, underlining how the agricultural industry has benefited from reform of the Common Agricultural Policy in 1992 and the recent rise in world commodity prices.

The provisional figures, which may be revised, put the EU increase at 5.1 per cent, almost the same as last year's rise.

However, they also conceal big differences between member states. Spanish farmers enjoyed the largest increase in incomes, of 21.4 per cent, as a result of a good cereal harvest this year after a series of droughts.

Germany, Italy and France, which have all suffered from the beef crisis, have nonetheless all seen incomes rise, by 6.4 per cent, 5.6 per cent and 1.7 per cent, respectively.

The most significant falls were in Austria and Sweden, where income was down 6.9 per cent and 5.8 per cent, respectively.

Mr Martin Haworth, head of international, economic and strategic affairs at the National Farmers Union in London, said that this was due to their entry to the EU in 1995. Austria, in particular, had to cut support to farmers steeply on joining the CAP, with compensatory aid decreasing over five years.

Finland, where according to Eurostat figures incomes will rise by 9 per cent this year, suffered a large fall last year.

In the UK, potato growers have suffered from a 38 per cent drop in EU potato prices after a bumper year in 1995.

British farmers have also seen the value of their Ecu-based subsidies eroded as the value of sterling has risen.

Eurostat says that cereal prices are forecast to have fallen by 4.8 per cent this year, but output has risen nearly 24 per cent to give a 16.7 per cent increase in real value.

The figures do not include Ireland or Portugal, for which data are not yet available.

Nymex switches on to an electric future

The exchange is expanding its range of energy contracts

Universal Pictorial

The Hoover Dam in Arizona/Nevada: wholesale trade in electric power, estimated at $100bn a year, dwarfs both the natural gas and crude oil markets

Freezing weather has closed in, the oil and gas markets are hot, and the New York Mercantile Exchange trading floor in the World Trade Center is one of the busiest places in the city. Nymex, the world's largest energy derivatives trading centre, provides a public and immediate view of trends in global energy prices.

Started 125 years ago as a regional exchange for dairy products, Nymex did not hit on its winning energy formula until 1978, when it launched heating oil futures and managed to outlast rival contracts offered in Chicago and elsewhere. It opened crude oil futures – its biggest and most successful contract – in 1983.

It took 18 months and a severe hurricane to convince long-serving energy traders in 1992 that Nymex's natural gas futures contract deserved attention. Natural gas derivatives have subsequently become the exchange's second-busiest product, and the energy industry's use of derivatives has matured rapidly. Along the way, the exchange has had to negotiate, together with its customers, the complexities of US energy policy and industry deregulation.

Now Nymex is making its biggest bet – on electricity futures. Wholesale trade in electric power, estimated at nearly $100bn a year, dwarfs the size of either natural gas or crude oil markets.

The US is far behind the UK and Australia in terms of electricity market deregulation. Only three states have opened their power markets, though dozens more are considering it. Utilities, especially those with high costs, are resisting a move to open markets, and the stakes are high. One Congressional study found that ending electricity monopolies could cut power costs in the US by $190bn a year.

Rather than wait for the murky regulatory situation to clear, Nymex joined the power market fray early, launching two electricity futures contracts for California-area delivery last March. Those pits are the most peaceful areas on the trading floor, but that does not discourage the exchange.

"We thought it was important to offer a product that is part of the whole deregulation process, rather than wait until things are more clear," says Mr Patrick Thompson, Nymex president. "We are confident the trend is toward deregulation. It will just take time."

The aim is to show the government that utilities will have risk-management tools available once power markets are liberalised. To that end, Nymex will open a third electricity futures product in the first half of next year, which will have East Coast delivery.

The power industry is gearing up along with the exchange. There has been a buzz of cross-pollination in the utility and trading businesses during the past year, with Wall Street risk managers moving over to power company trading floors, and utility company veterans departing to become Wall Street advisers.

For the futures exchange, electricity promises to open a whole new customer base. And if power companies learn to use derivatives as management tools, a new product mix opens up for Nymex.

US energy markets are converging as the power industry seeks the flexibility to switch between fuel sources to remain competitive. Utilities which use electricity futures to manage output risk could also use futures to hedge exposures to the commodities they use (mostly coal and, to a lesser degree, natural gas).

Most utilities do not currently hedge their fuel costs, because they are allowed to pass them on to their customers. Nymex, understandably, has a coal futures contract on the drawing board.

While coal and electricity markets seem drearily domestic, at least a dozen US electric utilities are on the international prowl, making foreign investments giving them insights into operating in deregulated economies. The Nymex is making a secondary bet that international power markets will commoditise, and that its electricity futures contracts will become global benchmarks.

Laurie Morse

Nickel falls to two-year low

MARKET REPORT

By Robert Corzine and Kenneth Gooding

Nickel prices fell to their lowest level for 2½ years on the London Metal Exchange yesterday. Traders said one big seller caused the fall and volumes were small.

Nevertheless, nickel for delivery in three months slipped to $6,500 a tonne at one point, down $150 from Friday, before recovering slightly to end the day at $6,520.

Traders pointed out that demand from the stainless steel industry, which accounts for two-thirds of demand for nickel, had been weak for several months and LME stocks were rising steadily towards the psychologically important 50,000 tonnes level.

Oil prices settled lower yesterday as traders prepared for the Christmas holiday. Forecasts in the US of warmer-than-expected weather undermined prices of refined products and crude oil on the Nymex.

The price of West Texas Intermediate, the main US price benchmark, was quoted at around $24.80 a barrel in early afternoon trading in New York, 29 cents down on its Friday close. January futures prices on the Nymex had been as high as $26 a barrel last week.

In late trading in London the price of Brent Blend, the main international benchmark, was quoted at around $23.20 a barrel, 26 cents down on its Friday close.

LME to raise member charges

By Kenneth Gooding, Mining Correspondent

London Metal Exchange charges to members are being increased by between 25 per cent and 60 per cent next year to help pay for the UK Securities and Investments Board's review of the metals markets. The LME requested the review in June after the Sumitomo copper scandal.

"We have budgeted for substantial increases in expenditure in 1997 in anticipation of the need to accommodate the likely financial impact of the SIB's proposals," the LME announced in a notice to members.

It said higher charges would be needed even though the exchange's turnover had remained buoyant after Sumitomo caused turmoil in the copper market by claiming that its senior trader, Mr Yasuo Hamanaka, had lost $2.6bn through unauthorised trading.

The SIB estimated its review had cost £750,000 ($1.25m) and said most of this would be paid for by the LME. The SIB review proposes that the LME executive be given more authority, and provided with more employees and other resources.

Ring dealing members and associate broker clearing members will pay £30,000 in annual subscriptions, against the present £24,000. Associate broker members' subscriptions will go up from £12,500 to £15,500. Contract levies are also going up, as are fees for listed warehouses and LME warranted metal charges.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1518.5-19.5	1551-52
Previous	1524-5	1556-6.5
High/low	1527.5/1527	1560/1549
AM Official	1526.5-27.0	1558-58.5
Kerb close		1550-51
Open int.	240,833	
Total daily turnover	44,342	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1370-80	1398-400
Previous	1370-5	1390-400
High/low	1372/1371	1400/1395
AM Official	1372-73	1398-400
Kerb close		1395-400
Open int.	5,119	
Total daily turnover	415	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	703-4	707-7.5
Previous	714-5	715-6
High/low	701/700	713/704.5
AM Official	699-700	704-4.5
Kerb close		707-7.5
Open int.	37,746	
Total daily turnover	9,251	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6415-25	6520-30
Previous	6610-20	6710-20
High/low	6475	6620/6500
AM Official	6470-75	6580-90
Kerb close		6510-15
Open int.	47,152	
Total daily turnover	16,081	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5715-25	5765-70
Previous	5730-40	5780-90
High/low		5790/5765
AM Official	5730-40	5770-80
Kerb close		5785-90
Open int.	15,449	
Total daily turnover	3,388	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1040-41	1063-64
Previous	1049.5-50.5	1072.5-3.0
High/low	1045	1069/1063
AM Official	1044.5-45.0	1068-69
Kerb close		1066-66.5
Open int.	79,621	
Total daily turnover	18,092	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2228-33	2131-33
Previous	2275-80	2169-70
High/low	2230	2148-2125
AM Official	2230-31	2134-35
Kerb close		2130-2
Open int.	158,038	
Total daily turnover	30,761	

■ LME AM Official £/$ rate: 1.6758
LME Closing £/$ rate: 1.6727

Spot: 1.6710 3 mths: 1.6676 6 mths: 1.6632 9 mths: 1.6583

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	101.30	-1.30	103.00	101.20	791	2,261
Jan	101.15	-0.85	102.10	101.10	316	5,722
Feb	99.45	-0.95	100.40	99.10	69	1,324
Mar	98.55	-0.85	99.60	98.50	3,988	21,363
Apr	97.45	-0.75	98.20	98.20	9	932
May	96.25	-0.85	97.20	96.20	120	4,307
Total					5,391	52,190

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	368.70-369.00		
Opening	368.40-368.70		
Morning fix	368.70	220.409	493.763
Afternoon fix	368.75	220.215	493.019
Day's High	369.00-369.30		
Day's Low	368.40-368.70		
Previous close	369.00-369.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.82	6 months	3.90
2 months	3.81	12 months	3.78
3 months	3.80		

Silver Fix	p/troy oz.	US cts equiv.
Spot	288.05	482.50
3 months	292.15	488.35
6 months	296.55	494.35
1 year	305.70	506.60

Gold Coins	$ price	£ equiv.
Krugerrand	368-370	220-221
Maple Leaf	-	
New Sovereign	86-89	51-53

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	369.4	+0.1	370.0	369.1	75	187
Jan	369.9	+0.1	-	-	-	-
Feb	370.6	+0.1	371.1	370.4	11,277	88,975
Apr	372.8	+0.2	373.0	372.3	1,236	22,268
Jun	375.2	+0.2	375.3	374.9	463	15,715
Aug	377.6	+0.2	-	-	63	5,455
Total					14,807	183,540

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	375.0	-0.03	377.0	374.5	3,003	9,973
Apr	376.7	-0.3	378.5	376.5	1,306	14,882
Jul	380.5	+0.8	380.5	380.5	459	2,018
Oct	384.0	+1.6	384.0	382.5	15	2,080
Jan	385.1	-1.2	-	-	1,107	1,025
Total					4,332	29,978

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	119.75	+0.15	-	-	3	2
Mar	118.50	-2.60	122.25	118.50	311	6,843
Jun	120.00	-2.35	120.00	120.00	250	388
Sep	123.55	-	-	-	250	255
Dec	124.55	-0.55	-	-	-	17
Total					317	7,505

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	481.2	+0.4	481.5	481.0	38	45
Jan	481.4	+0.5	479.5	479.5	2	18
Feb	483.8	+0.5	-	-	-	2
Mar	486.3	+0.5	487.5	485.0	14,294	54,913
May	490.9	+0.5	492.5	489.5	218	9,370
Jul	495.4	+0.5	496.5	495.0	25	8,368
Total					14,599	82,584

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	24.76	-0.32	25.10	24.68	28,929	102k
Mar	24.17	-0.27	24.37	24.10	7,174	38,304
Apr	23.58	-0.22	23.69	23.50	3,229	22,512
May	22.98	-0.19	23.06	22.90	1,098	17,371
Jun	22.40	-0.16	22.44	22.28	5,101	27,312
Jul	21.86	-0.16	21.90	21.82	1,904	14,509
Total					59,816	352,105

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	23.21	-0.25	23.40	23.18	8,172	58,631
Mar	22.69	-0.23	22.80	22.67	3,148	32,760
Apr	22.13	-0.22	22.27	22.10	2,941	15,693
May	21.57	-0.21	21.61	21.52	1,221	11,293
Jun	21.02	-0.20	21.08	20.95	1,215	13,541
Jul	20.50	-0.25	20.57	20.50	425	10,112
Total					18,984	157,548

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	71.45	-1.52	73.00	71.10	17,582	23,616
Feb	70.60	-1.35	71.75	70.40	10,059	32,827
Mar	68.10	-1.05	68.70	68.05	2,247	13,794
Apr	64.50	-0.70	64.50	64.30	430	8,634
May	61.00	-0.90	61.40	61.25	508	4,236
Jun	59.05	-0.75	59.25	59.15	467	5,133
Total					32,218	107,588

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	211.50	-3.50	214.00	210.50	9,364	24,341
Feb	210.50	-3.00	212.50	210.50	4,672	16,389
Mar	205.25	-2.50	206.00	204.75	462	8,525
Apr	197.75	-1.75	198.25	196.75	516	6,931
May	191.75	-1.75	192.25	191.50	201	3,199
Jun	186.50	-2.00	187.00	186.50	451	7,392
Total					15,966	73,934

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	4.210	-0.363	4.290	4.050	31,050	29,404
Feb	3.665	-0.255	3.710	3.500	9,409	33,649
Mar	3.111	-0.150	3.150	3.111	3,169	17,949
Apr	2.500	-0.097	2.550	2.447	1,831	10,528
May	2.330	-0.037	2.350	2.220	711	7,943
Jun	2.250	-0.022	2.260	2.170	778	7,373
Total					50,563	166,882

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	68.75	-1.44	69.75	68.50	11,545	17,363
Feb	68.10	-1.02	68.90	67.90	6,235	25,157
Mar	67.70	-0.97	68.80	67.85	2,252	11,822
Apr	69.50	-0.67	69.90	68.45	799	5,086
May	68.70	-0.82	69.10	68.70	258	3,475
Jun	67.50	-0.62	67.90	67.50	318	3,233
Total					21,596	68,033

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	96.00	-0.75	96.10	95.80	13	1,019
Mar	98.40	-0.60	99.00	98.35	-	2,015
May	100.40	-0.60	100.75	100.35	90	2,494
Jul	101.75	-0.65	-	-	-	379
Sep	94.50	-	-	-	-	5
Nov	96.50	-	96.50	96.05	35	902
Total					163	6,826

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	390.50	-2.75	393.00	389.50	8,579	31,700
May	367.25	-2.50	369.25	365.75	1,162	6,618
Jul	340.50	-3.00	343.00	340.00	2,549	19,538
Sep	344.00	-2.50	346.50	344.00	121	990
Dec	356.00	-2.00	354.50	354.50	95	606
Jul	346.00	-2.00	-	-	33	106
Total					12,480	59,560

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	266.50	-0.25	266.50	265.00	28,986	149,017
May	267.25	-1.00	267.75	266.25	5,055	53,515
Jul	268.25	-1.50	269.50	267.50	8,137	53,095
Sep	262.25	-1.00	263.25	261.25	641	6,476
Dec	260.00	-1.25	260.75	258.50	3,820	36,738
Mar	264.50	-1.25	265.00	263.50	93	1,315
Total					46,817	302,196

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	93.25	-0.75	93.50	93.00	8	404
Mar	95.25	-0.75	-	-	-	230
May	97.00	-0.50	-	-	-	130
Sep	93.50	-0.25	-	-	-	8
Nov	95.50	-0.25	95.50	95.50	-	207
Total					13	979

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	700.00	-2.00	702.00	698.00	14,282	35,153
Mar	696.25	-3.00	698.00	694.50	19,220	51,226
May	691.50	-3.00	694.50	690.25	3,011	27,024
Jul	691.75	-2.75	694.00	690.50	2,369	24,766
Aug	689.50	-3.25	691.00	689.50	48	2,987
Sep	671.00	-5.00	671.00	671.00	28	558
Total					38,838	152,651

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	22.79	-0.30	23.05	22.71	6,977	19,850
Mar	23.18	-0.30	23.44	23.10	8,518	31,485
May	23.51	-0.27	23.75	23.47	674	14,227
Jul	23.86	-0.24	24.10	23.78	1,317	9,855
Aug	23.90	-0.26	24.18	23.90	40	1,864
Sep	24.02	-0.20	24.30	24.10	40	1,584
Total					17,571	80,825

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	230.5	+0.5	230.7	229.4	9,444	20,506
Mar	221.9	-0.2	222.4	221.0	5,990	26,049
May	216.3	-0.2	216.5	215.5	1,417	16,330
Jul	215.1	-0.5	215.3	214.3	1,575	11,087
Aug	213.7	-0.3	215.0	214.5	45	2,096
Sep	209.4	-0.4	213.0	210.5	16	1,984
Total					18,830	81,499

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	53.0	+0.6	-	-	-	-
Apr	63.0	+0.5	63.0	62.1	3	1,259
May	65.0	+0.5	65.0	65.0	1	44
Jun	75.0	+0.6	-	-	-	-
Nov	68.9	-	-	-	-	2
Apr	113.0	-	-	-	-	559
Total					4	1,864

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1517	-1	-	-	-	304
Jan	1438	+3	1440	1435	19	1,728
Feb	1410	-3	1410	1410	20	359
Apr	1470	-9	-	-	-	855
Jul	1208	-7	-	-	15	423
Oct	1323	-	-	-	-	100
Total					44	3,508

	Close	Prev
BFI	1523	1523

FUTURES DATA
All futures data supplied by CMS.

Spices
The world exportable production of pepper has fallen to a level of about 100,000 tonnes, below expected demand about 145,000 tonnes, Man Producten reports. Worldwide carryover stocks have been reduced to minimum levels. Black pepper, which has exportable production of about 80,000 tonnes, has demand of 115,000 tonnes, while white pepper supplies are estimated about 25,000 tonnes against a demand of 30,000 tonnes. Tightening in the supply is already reflected by the price increase of 30% for black pepper during 1996. World supply and demand situation has shown deficits for number of years and there are parallels with the position in 80's, when prices increased to $5,000 for black and $7,000 for white, compared with current prices of $2,600 and $4,500.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	865	+5	863	863	55	110
Mar	903	-4	912	903	1,034	43,638
May	921	-6	926	922	312	17,098
Jul	939	-5	944	940	133	12,258
Sep	956	-4	964	957	410	8,901
Dec	966	-4	974	969	90	7,326
Total					2,328	116,471

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1368	-12	1378	1366	4,968	34,006
May	1389	-13	1398	1388	1,529	13,804
Jul	1410	-15	1421	1410	752	10,180
Sep	1431	-12	1442	1431	58	8,815
Dec	1448	-15	1451	1451	50	1,561
Mar	1464	-15	1474	1465	319	12,611
Total					7,660	83,784

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Dec 20 Daily	1019.25	1015.17

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	1289	-1	1295	1279	1,436	9,926
Mar	1238	-5	1252	1230	1,591	20,778
May	1203	-4	1215	1198	620	7,661
Jul	1214	+1	1226	1210	148	2,257
Sep	1219	-1	1230	1210	101	1,325
Nov	1225	-	1240	1235	21	625
Total					3,915	42,574

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	113.10	+0.95	113.45	111.75	7,268	18,240
May	110.60	+1.00	110.80	109.25	1,357	6,500
Jul	108.20	+1.10	109.20	108.00	430	2,105
Sep	107.40	+1.30	107.00	106.50	115	1,549
Dec	105.10	+1.10	105.25	104.40	76	1,132
Mar	102.75	+1.00	102.50	102.50	10	207
Total					9,256	27,814

■ COFFEE (ICO) (US cents/pound)

Dec 20	Price	Prev. day
Comp. daily	90.40	89.33
15 day average	89.74	89.97

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	306.5	+1.4	307.5	305.1	1,245	14,599
May	306.3	+1.2	307.3	305.5	145	6,308
Aug	305.7	+0.1	307.0	304.3	88	2,527
Oct	302.8	+0.6	303.5	301.9	42	1,762
Dec	303.5	+0.7	303.8	302.8	-	552
Mar	304.5	+0.7	-	-	-	382
Total					1,523	26,179

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	10.75	+0.06	10.76	10.70	4,957	75,956
May	10.81	+0.05	10.82	10.75	1,160	31,387
Jul	10.80	+0.05	10.80	10.75	820	24,017
Oct	10.79	+0.04	10.80	10.75	659	13,627
Mar	10.76	+0.04	10.72	10.72	377	4,024
May	10.75	+0.04	-	-	150	894
Total					7,913	159,418

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	75.71	-0.29	76.10	75.67	2,302	24,319
May	76.95	-0.23	77.20	76.85	1,146	11,736
Jul	77.85	-0.20	77.95	77.70	252	7,742
Oct	77.50	-0.07	76.86	76.85	47	1,247
Dec	77.15	-0.05	77.20	77.00	143	9,734
Mar	78.05	-	78.00	77.90	2	481
Total					3,848	55,842

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	82.90	-4.50	86.40	82.30	1,214	8,482
Mar	86.20	-4.50	89.80	85.70	3,462	15,078
May	89.50	-4.30	93.20	88.80	995	3,662
Jul	92.55	-4.40	96.00	91.95	188	874
Sep	95.80	-4.15	96.00	96.00	19	288
Nov	97.00	-4.05	101.00	101.00	2	78
Total					5,880	27,712

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Dec 23	Dec 20	month ago	year ago
1871.8	1784.7	1863.1	2097.1

■ CRB Futures (Base: 1967 = 100)

Dec 20	Dec 19	month ago	year ago
245.70	246.21		

■ GSCI Spot (Base: 1970 = 100)

Dec 20	Dec 19	month ago	year ago
228.29	226.41	215.17	202.30

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Dec	67.425	+0.800	67.950	66.600	1,850	1,371
Feb	64.800	+1.225	64.850	63.650	6,075	34,341
Apr	65.225	+0.675	65.250	64.450	1,892	22,759
Jun	62.725	+0.250	62.800	62.100	598	8,934
Aug	62.450	+0.200	62.525	62.050	379	8,851
Oct	65.200	+0.250	65.300	64.550	228	6,130
Total						

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Dec	58.500	-	59.400	58.250	1,069	93
Feb	75.925	-0.150	76.150	75.625	3,797	14,000
Apr	72.050	+0.250	72.100	71.600	680	5,467
Jun	74.700	+0.275	74.750	74.100	598	5,174
Jul	71.550	+0.050	71.700	71.000	114	1,298
Aug	67.725	-0.275	67.750	67.450	58	883
Total						

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	78.175	-0.625	78.300	77.700	2,001	4,638
Mar	77.750	-0.775	78.000	77.650	169	880
May	78.700	-0.200	78.625	77.750	40	580
Jul	78.500	+0.150	78.500	78.500	25	479
Aug	73.700	+0.200	73.700	73.700	16	133
Total						

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Jan	Apr	Jan	Apr
1500	60	99	6	36
1600	15	49	70	84
1700	3	21	169	153

■ COPPER (Grade A) LME	Jan	Apr	Jan	Apr
2050	149	146	35	113
2150	89	102	74	167
2250	48	69	132	231

■ COFFEE LIFFE	Mar	May	Mar	May
1200	-	71	-	33
1250	-	45	-	57
1300	-	28	-	90

■ COCOA LIFFE	Mar	May	Mar	May
850	59	80	6	9
875	40	61	12	15
900	26	45	23	24

■ BRENT CRUDE IPE	Feb	Mar	Feb	Mar
2250	115	-	38	
2300	87	-	-	
2350	62	-	-	

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$21.19-1.24w	-0.495
Brent Blend (dated)	$23.48-3.53	-0.505
Brent Blend (Feb)	$23.17-3.19	-0.480
W.T.I.	$24.76-4.79w	-0.350

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$227-229	-2
Gas Oil	$215-216	-1
Heavy Fuel Oil	$113-115	
Naphtha	$217-220	-
Jet fuel	$239-241	-3.5
Diesel	$224-225	-3

■ NATURAL GAS (Pence/therm)

Bacton (Jan)	17.50-18.00

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

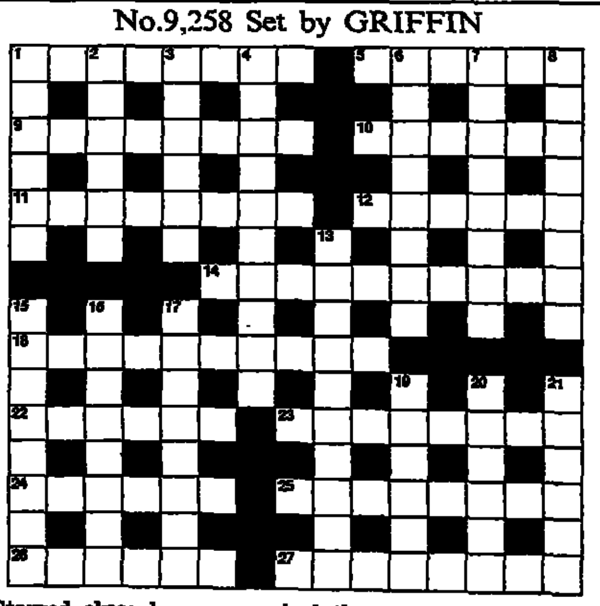
Gold (per troy oz)♣	$368.85	-0.30
Silver (per troy oz)♣	484.50c	+1.00
Platinum (per troy oz.)	$373.00	+1.50
Palladium (per troy oz.)	$118.75	
Copper	106.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.57r	+0.05
Tin (New York)	270.50	
Cattle (live weight)	103.65p	-6.25*
Sheep (live weight)	144.49p	+11.55*
Pigs (live weight)†	89.89p	+9.83*
Lon. day sugar (raw)	$264.90	-0.20
Lon. day sugar (wte)	$310.00	+1.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	127.0	
Wheat (US Dark North)	Unq	
Rubber (Jan)♥	80.50p	
Rubber (Feb)♥	80.50p	
Rubber (KL RSS No1)	317.5x	-0.5
Coconut Oil (Phil)§	$805.0y	
Palm Oil (Malay.)§	527.5x	-2.5
Copra (Phil)§	Unq	
Soyabeans (US)	195.0z	
Cotton Outlook'A' index	78.55	
Wooltops (64s Super)	402p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x Jan w Feb y Dec/Jan♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on no head of pigs sold. ♦ New month of January.

JOTTER PAD

CROSSWORD

No.9,258 Set by GRIFFIN



Starred clues have a musical theme but no definitions. The remainder are normal.

ACROSS

1 *Long to include sailors on page one (8)
5 *Caught a vet running after a duck (6)
9 *Angry with a girl at sea (8)
10 *Not in line after fall (6)
11 Middle-class supporters, no one back-scratching (8)
12 About fifty passengers required torches (6)
14 *Groan about following speaker (5,5)
18 *Convict certain to be disguised (10)
22 *A Parisian boy I introduced (6)
23 *So poor Ian Brown's back inside? (8)
24 Learning about a hot Asian city (6)
25 *Help to turn father against boy (8)
26 Offer a number to the German (6)
27 Produce points to sex (8)

DOWN

1 *Being hot-headed many members left (6)
2 People on horseback wanted a few words added (6)
3 Father is inquisitive and sort of square (6)
4 *Open it for a doctor (10)
6 *Sick on following vehicle (8)
7 Agree Pam's arrangement is current (8)
8 *Quits on reaching front gate (8)
13 Broadcasting in one start to become very loud (10)
15 *Hired after a month at university (8)
16 *Can't I phone for some? (8)
17 Here he goes to a channel resort (8)
19 Try catching politician in the act of selling something (6)
20 A girl and boy skipped (6)
21 *Bet taken around mid-morning (6)

Solution to the Christmas Crossword on Saturday January 4.
Solution to yesterday's prize puzzle on Monday January 6.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

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	Selling Price	Buying Price	+ or -	Yield Gross
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Am Gwth Fd	$12.0535	12.2530	—	-
Offshore Emerging Cos	$7.8257	8.1039	—	-
Offshore Far East Gwth Fd	$5.1985	5.5245	—	-
Offshore Intl Gwth Fd	$6.4593	6.8649	—	-
Offshore Japanese Gwth Fd	$0.9725	1.0335	—	-
Offshore UK Growth Fd	$4.3204	4.5913	—	-
Offshore Asia Smaller Mkts	$1.7878	1.9107	—	-
Offshore Latin Amer Growth	$1.1004	1.1695	—	-
Offshore European Gwth Fd	$2.7865	2.9613	—	-
Offshore Global Bond	$0.9875	1.0291	—	-
Offshore Global Bond Acc	$1.1998	1.2499	—	-
The Portugal Fund Limited				
Lloyds Bank International (Jersey) Limited				
NAV Dec 13		57.66	—	-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£23.44	23.87	—	1.14
Lowes Aggressive Portfolio	£9.95	10.53	+0.270	-
Lowes Defensive Pfolio	£12.24	12.82	+0.120	-
Lowes Collective Pfolio Ltd.	£10.76	11.29	—	-
TSB Fund Managers (CI) Ltd				
TSB Island Pension	737.3	778.2	+0.8	-
Island Equity Acc	129.0	135.8	-0.2	-
WMB Asset Management (Jersey) Ltd				
Worldinvest (Managers) Jersey Ltd				
Worldinvest Inc Fd †	$284.14	285.47	—	5.86
Excalibur Global Emg Mkts	$9.78	9.84	—	-
Excalibur Global Eqty $	$80.14	80.55	—	-
Excalibur Stg Global Fixed Inc	£11.47	11.54	—	5.05

Valued weekly. * Mondays. † Wednesdays.

LUXEMBOURG (SIB RECOGNISED)

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Dolphin Intl Investments (u) SICAV					
Coast Capital Builder		£11.1130		—	-
Intl Growth & Income		$5.8051		—	-
International Bond		$6.2504		—	-
E.T. Investment Management Ltd					
13 Rue Goethe, BP 413 Luxembourg 00 352 404648217					
Established Tst Dec 20		$2.51		+0.02	-
Eigistan Global SICAV (u)					
13 Rue Goethe, L-1637, Luxembourg 00 352 404646213					
Equity Portfolio Dec 19		$2.436		-0.013	-
Reserve Portfolio Dec 19		$2.161		-0.11	-
Fidelity Funds (u)					
Kansallis Hse, Place de l'Etoile, L-1021 Lux BP 2174					
Major Market Funds					
America		$2.493		+0.027	-
International		$17.88		+0.16	-
Japan		Y132.5		+0.7	-
South East Asia		$2.911		+0.021	-
Country Select Funds					
ASEAN		$18.41		-0.07	-
Asian Special Situations		$10.91		+0.10	-
Emerging Markets		$8.173		+0.010	-
Germany		DM22.43		+0.13	-
Hong Kong		$34.06		+1.16	-
Indonesia		$11.33		+0.06	-

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Old Mutual Guernsey - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
Broker Managed Funds				
Vertex Intl Managed	£0.968	1.041	—	-
Pioneer Long Term Cap	$1.009	1.064	—	-
Pioneer Long Term Agg	$0.808	0.870	—	-
Pioneer Medium Term Agg	$0.998	1.073	—	-

Old Mutual Hong Kong

	Selling Price	Buying Price	+ or -	Yield Gross
Dollar Money Market	$0.985	1.060	—	-
Sterling Money Market	£7.022	1.609	—	-
International Fixed Interest	$1.088	1.161	—	-
UK Fixed Interest	£1.064	1.144	—	-
Dollar Managed	$1.052	1.131	—	-
Sterling Managed	£1.033	1.110	—	-
European Stockmarket	£1.249	1.343	—	-
International Stockmarket	$1.036	1.113	—	-
Pacific Stockmarket	$0.980	1.054	—	-
Emerging Asian Stockmarket	$0.999	1.074	—	-
Japanese Stockmarket	$0.876	0.942	—	-
Hong Kong Stockmarket	$1.387	1.491	—	-
Dollar Special Market	$1.017	1.094	—	-
Sterling Special Market	£0.960	1.032	—	-
Latin American Stockmarket	$1.043	1.122	—	-

Old Mutual International (Guernsey) Ltd

PO Box 121, St. Peter Port Guernsey 01481 726726

	Selling Price	Buying Price	+ or -	Yield Gross
£ Stlg Managed	£4.476	4.812	—	-
£ European Stockmkt	£5.098	5.482	—	-
£ UK Stockmkt	£5.129	5.516	—	-
£ Sterling Special Mkt	£4.650	5.000	—	-
£ UK Fixed Interest	£4.823	5.186	—	-
£ Stlg Money Mkt	£2.991	3.216	—	-
£ Capital Guarantee	£1.725	1.855	—	-
$ Dollar Managed	$3.377	3.631	—	-
$ Intl Stockmkt	$4.342	4.669	—	-
$ US Dollar Bond	$1.391	1.496	—	-
$ Nth Am Stockmkt	$3.763	4.046	—	-
$ Japan Stockmkt	$1.567	1.685	—	-
$ Pacific Stockmkt	$5.254	5.650	—	-
$ Emerging Asian Stockmkt	$2.276	2.447	—	-

OTHER OFFSHORE FUNDS

ATSP Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Philippines Long Term Equity				
NAV Nov 30	$44.07		—	-

AXA Asset Management

	Selling Price	Buying Price	+ or -	Yield Gross
AXA Valeurs	FFr172.370		—	-
AXA Emerging Capital	FFr131.290		—	-
AXA Europe Actions	FFr302.930		—	-
AXA NPI	FFr123.800		—	-

Acciones y Valores de Mexico SA de CV

	Selling Price	Buying Price	+ or -	Yield Gross
Accival Dec 20	Pesos60.25		+0.12	0.25

Africa Emerging Markets Fund

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Dec 6	$12.95		—	-

Agribusiness Fund Management Co

	Selling Price	Buying Price	+ or -	Yield Gross
ABC Bond	$30.00		—	-
Citiquit	$1.09		—	-

Alliance Capital

	Selling Price	Buying Price	+ or -	Yield Gross
International	$18.08	18.80		-
International Class B	$17.17			-
Quasar	$27.88	29.09		-
Quasar Class B	$25.85			-
Global Small Cap	$12.68	13.14		-
Global Small Cap Class B	$11.92			-

Allied Dunbar International Fund Mngrs (1000)F

	Selling Price	Buying Price	+ or -	Yield Gross
ADI Emerging Asia	$0.6807	0.7276	+0.0026	0

Alsheta Capital Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Alsheta Growth Fund and Unit Trust				
Class A	$96.54	99.93	—	-
Class B	$95.54	98.63	—	-

Alpha Fund Management Ltd

[illegible]

GAM Select

	Selling Price	Buying Price	+ or -	Yield Gross
Trading Strategic B	120.42		—	-
Developing Mkts Strategic A	113.27		—	-
Developing Mkts Strategic B	114.27		—	-
Select Asean Class A	$98.70		—	-
Select Asean Class B	$94.87		—	-
Select European A	$104.49		—	-
Select European B	$102.02		—	-
Select Japan A	$108.77		—	-
Select Japan B	$113.02		—	-
Select Money Markets B	$102.03		+0.01	-
Select North America A	$108.48		—	-
Select North America B	$125.21		—	-
Select Pacific A	$105.81		—	-
Select Pacific B	$104.42		—	-

Jardine Fleming Unit Trusts Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
JF Global Securities Tst	$24.31	25.72	+0.23	-
JF International Bond	$10.66	11.05	+0.03	-
JF Managed Currency Fd	$15.80	16.73	+0.01	-
JF Masterfund				
JF Asia Growth Pfolio	$8.28	8.77	+0.05	-
JF Intl Growth Pfolio	$10.67	11.30	+0.09	-
JF Money Fund - US$	$105.93	105.93	+0.04	5.11
JF Money Fund - Yen	Y1000.28	1000.28		0.00
JF Money Fund - DM	DM103.34	103.34	+0.02	2.46
JF Money Fund - £	£108.48	108.48	+0.04	5.53
JF Money Fund - SFr	SFr101.81	101.81	+0.01	0.94
JF Money Fund - Ecu	Ecu104.85	104.85	+0.03	3.52
JF Money Fund - C$	C$104.95	104.95	+0.03	2.65
JF Money Fund - A$	A$107.90	107.90	+0.05	5.89
JF Money Fund - HK$	HK$105.82	105.82	+0.04	4.81

Global Asset Management - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
GAM Managed Portfolio				
Managed Portfolio	$1155.35		—	-
Swiss Registered Funds				
GAM (CH) Europe	SFr121.30		+1.45	-
GAM (CH) Mondial	SFr209.05		+7.20	-
GAM (CH) Pacific	SFr275.15		+1.30	-
SEC Registered Funds				
GAMerica Capital	$11.54		-0.04	-
GAM Asian Capital	$9.84		+0.16	-
GAM Europe	$11.89		+0.14	-
GAM Global A	$15.04		+0.13	-
GAM Global D	$14.86		+0.14	-

Jardine Fleming Unit Trusts Ltd - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
JF Capital Guaranteed Master Series				
Hong Kong Index Sub Fund	$10.57		+0.16	-
Tokyo Index Sub Fund	$9.33	10.34	-0.01	-
New York Index Sub Fund	$9.94		-0.01	-
DEM Bull Sub Fund	$8.97		—	-
DEM Bear Sub Fund	$10.18		-0.03	-
Yen Bull Sub Fund	$8.72	9.58	—	-
Yen Bear Sub Fund	$10.52		—	-
USD Account	$105.40	111.51	+0.04	5.11
Limited Issue Funds *				
JF Far Eastern Wts Tst	$7.48	7.90	+0.53	-
JF Guaranteed Currency Tst II	$10.27		—	-

[illegible]

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq		438½xd	+14½	506	414	4,580	6.7	13.3
Bulmer (HP)		547½	—	625	477	283.1	3.1	16.7
Burn St Dist		69	-1	131	67½	40.9	6.2	73.3
Glenmorangie A		870xd	+5	875	615	101.3	1.8	21.7
Glenmorangie B		1045xd	—	1045	853	41.8	0.7	55.9
Grand Met		454½	-1	496	411	9,553	4.5	14.4
Guinness		454½	+1½	493	425	8,771	4.2	14.1
Highland		336½xd	-1	378	275	409.9	3.7	16.2
5¼pc Cnv Bds		97¼	[illegible]	101½	94¼	—	—	—
Kirin Y		609¼	+1¼	679¼	595¼	6,402	1.0	23.0
Matthew Clark		262½	+5	303	255½	232.3	11.4	12.5
Merrydown		108½xd	-1	141	91½	11.6	5.4	14.4
Seagram $		[illegible]	—	[illegible]	[illegible]	8,446	1.2	—

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 9pc Cm 2nd Prf		59½	—	59½	50½	6.31	10.2	—
Cater Allen		387½xd	—	482	350	124.4	9.8	15.1
Close Bros		317½	+1½	392	307½	363.6	3.9	12.8
Gerrard & Nat		271	[illegible]	472	260	132.5	10.6	11.0
Hambros		224xd	-½	267½	195	358.7	4.2	18.0
7½pc Cv Pf		107½	—	110	95¼	138.5	3.0	—
King & Shaxson		182½xd	—	197	133	48.2	6.2	20.4
Leopold J.		465xd	—	465	405	24.6	5.2	27.5
Rea Brothers		60	—	67	49½	29.5	2.1	23.5
Schroders		1515	-5	1547½	1185	2,287	1.4	17.2
N/V		1340	+17½	1340	890	603.8	1.6	15.2

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

هكذا من الأفضل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

LIFE ASSURANCE - Cont.

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER , PACKAGING & PRINTING

[illegible]

PAPER , PACKAGING & PRINTING - Cont.

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TEXTILES & APPAREL - Cont.

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	g	£21⅝	—	*£34¼	£20¼	1,734	3.2	ϕ
Barlow	‡	£5⅞xd	—	£10⅞	£5⅞	1,085	2.5	ϕ
Gold Flds Prop R		135	—	170	120	13.8	5.7	11.7
MK Props		85	—	86	60	2.61	12.6	-
SASOL	♥	645	—	710	517	3,777	1.5	-
SA Brews		£14⅝xd	+⅜	£28¼	£13¼	4,355	2.2	ϕ
Standard Bank		£22½	+¼	£22⅞	£21	2,678	1.5	21.3
Tiger Oats		790	—	1270	770	1,158	2.1	ϕ
Tongaat-Hulett		742½xd	—	1247	676¼	782.9	2.2	ϕ

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending.
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings
M Yield based on prospectus or other official estimates for 1995-96.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
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LONDON STOCK EXCHANGE

Footsie responds to pre-Christmas buyers

MARKETS REPORT

By Steve Thompson, UK Stock Market Editor

With no disturbing hints emerging from the minutes of the October 30 meeting between the chancellor and the governor of the Bank of England, London's equity market moved confidently to another closing all-time high yesterday.

Traders said it looked as if London was building up to a quiet but reassuringly firm run into the Christmas holiday.

There was some surprise around trading desks at the level of activity, given that it was a Monday, traditionally the quietest day of the week, and only two days before Christmas. Turnover at 6pm reached 553.3m shares. The value of trading on Friday was put at £1.13bn, with sharp-eyed dealers also noting that business between market-makers on that session, at£1.22bn, was double levels seen earlier last week.

And sentiment in London was given an additional boost by the latest encouraging performance of Wall Street, where the Dow Jones Industrial Average passed 6,500 shortly after the opening.

The FTSE 100 index, which had risen almost 98 points in the three previous sessions, gave a resolute, if ponderous, performance yesterday, closing 9.6 up at a peak of 4,087.2.

The market's second liners, represented by the FTSE 250, were firm, with that index closing 6.2 up at 4,454.6. The FTSE SmallCap index delivered the best performance in percentage terms, climbing 5.6 to 2,164.2.

Gilts, which closed up 20 to 34 ticks in the 10-year to 20-year range, helped equities build on their earlier gains, responding to what was seen as encouraging US economic news.

A senior dealer at an influential marketmaker described the session as "surprisingly good for what had been expected to be a winding-down day; if the tempo keeps up, we might push through 4,100 tomorrow."

There was also evidence, traders noted, that many of the brokers' new year tips were having a substantial influence on sentiment. Zeneca made rapid progress during the day, eventually settling in seventh spot in the FTSE 100 league table, with some brokers labelling the company as the most likely Footsie stock to attract a predator's attentions.

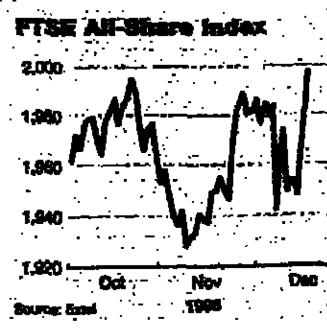
Other stocks viewed as potential big winners next year included Abbey National, Barclays, Bank of Scotland, Lloyds TSB, General Accident and Guardian Royal Exchange.

Footsie kicked off the session on an undecided note, and drifted back until news of the minutes of the meeting between Mr Clarke and Mr George became known. With gilts ticking better, the equity market began to rally and gradually recouped its early losses, eventually moving into positive ground in mid-session.

There were a handful of shocks, notably a profits warning from Brake Brothers, the frozen foods supplier to the catering industry, whose shares plummeted 24 per cent.

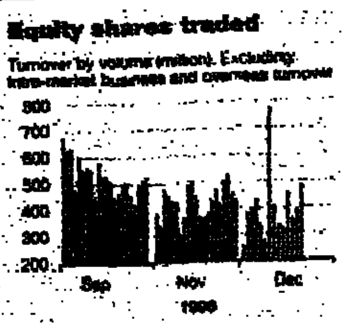
British Gas was the best Footsie performer after reaching agreement on a "take or pay" deal with Mobil.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FTSE 100	4087.2	+9.6	FT 30	2797.1	+6.7
FTSE 250	4454.6	+6.2	FTSE Non-Fins p/e	18.00	17.96
FTSE 350	2028.1	+4.4	FTSE100Fut Mar	4091.0	+13.0
FTSE All-Share	1998.06	+4.35	10 yr Gilt yield	7.55	7.64
FTSE All-Share yld	3.78	3.79	Long gilt/equity yld ratio	2.02	2.01

Best performing sectors

1	Gas Distribution	+2.6
2	Textiles & Apparel	+1.9
3	Distributors	+1.0
4	Banks: Retail	+0.8
5	Engineering	+0.8

Worst performing sectors

1	Engineering: Vehicles	-1.2
2	Retailers: Food	-0.8
3	Extractive Inds	-0.6
4	Tobacco	-0.4
5	Transport	-0.3

Northern bid moves

By Peter John, Lisa Wood and Joel Kibazo

Trading in Northern Electric was suspended yesterday but dealers said there was buying behind the scenes in a bid battle which has acquired more twists than a soap opera.

The Prudential, Northern's biggest supporter against the bid by CalEnergy of the US, already has 13 per cent of the regional electricity company. Yesterday, according to marketmakers, the insurer was offering to buy shares outside the market at 650p a piece, the level of the CalEnergy offer.

The Pru was unavailable for comment. It apparently feels so strongly that the bid is undervalued, it is prepared to buy shares which could fall by almost a pound if the bid fails. The rationale is that another bidder will be prepared to pay at least 700p a share.

Meanwhile, Takeover Panel members thrashed out claims and counter-claims which stemmed from supportive share buying by Northern's broker and merchant bank last week. And, with the deadline for final offers extended until 1pm today, CalEnergy's majority was still an eye-wateringly tight 0.13 per cent.

One dealer said the last-minute twists to the current bid saga almost equalled those during last year's takeover attempt by Trafalgar House. Then, a regulatory review during the final week of the bid prompted the market to re-rate electricity stocks and effectively scuppered the Trafalgar offer.

Elsewhere in the sector, Yorkshire Electricity, one of the two remaining recs rose 26 to 796½p.

A bid approach for OGC International, an oil services group, threw the spotlight back on the leaders in the sector.

It came hot on the heels of last week's bid by Gulf Canada for Clyde Petroleum, the exploration and production company.

There were some mutterings that if oil services companies are in vogue and E&P companies are popular, there is a rationale for a takeover attempt on a company which contains both elements.

Thus, while OGC jumped 41 to 116p, the diversified British Borneo gained 16½ to 759p, building on an 86-point hike last week when the shares delivered the best individual performance in the FTSE 250.

British Gas was the top performer in the Footsie in early trading on the back of a Sunday newspaper report that it was close to agreeing a settlement with Mobil Corp on its take-or-pay liabilities.

The story was later confirmed by Gas, which announced that it was swapping its assets in the rich Beryl field in return for renegotiation over 27bn therms. The news had been expected but was broadly welcomed and the shares added a little to earlier gains, closing 6 higher at 227¼p.

The retail sector recovered its nerve, with a number of stocks rising on renewed optimism over Christmas sales. Among the better performers were Marks and Spencer, which strengthened 6½ to 479p, with Kleinwort Benson reported to be positive, and Kingfisher, which hardened 6 to 618½p.

Last Friday, the sector was rocked by a media report alleging less buoyant sales than anticipated, and a downbeat statement from Claremont Garments, a supplier to Marks and Spencer. It said that sales in the run-up to Christmas were running below best expectations.

However, analysts said that the market should not judge M&S on the performance of one of its suppliers. They also said that the last few days before Christmas were generally very busy shopping days.

Boots rose 2½ to 599p following press reports that it had considered, and then pulled back, from a takeover of W H Smith. The latter hardened 6 to 427p.

Matthew Clark strengthened 6 to 262½p on speculation, described as "spivvy", that Bass was planning a bid for the Taunton and Gaymers cider company which has blamed alcoholic lemonades, such as those marketed by Bass, for a decline in sale of some of its brands.

One analyst said that many people, who had had their fingers burned with Matthew Clark, would like to see the share price rise.

Bass, he suggested, was not likely to be interested in acquiring a cider business.

Other analysts said that such a move was unlikely in the short-term given that Bass was currently involved in a Monopolies and Mergers Commission investigation into its proposed acquisition of Carlsberg-Tetley. Bass firmed 2 to 817p.

Elsewhere among the brewers, Whitbread firmed 9 to 781½p on rumours that it has pulled out of the bidding for the 21 Welcome Break motorway service stations put up for sale following Granada's £3.9bn acquisition of Forte last year.

Whitbread declined to comment on the speculation but industry analysts suggested that the group's future strategy lay in the high street rather than in motorway service areas. Granada slipped 6½ to 860p.

Engineering company GKN remained out of favour as word went round the market that the company is experiencing problems with the EH 101 helicopter order for the British Navy. The shares fell another 6 to 986½p. The stock tumbled last week after the surprise news that GKN had been found in breach of contract with its US franchisees and the company could face damages of $554m.

The market remains concerned that the ruling could wipe out a large part of current year profits and also force brokers to reduce next year's profits estimates, should the company be required to post a $398m bond while the appeal process proceeds.

Several brokers have tipped British Aerospace among companies likely to outperform the market in the coming year.

The shares yesterday firmed another 15¼ to 1224½p. There was also healthy demand for Smiths Industries and Siebe. The former gained 11 to 779½p, while the latter put on 15 to 1047½p.

Favourable weekend press comment boosted conglomerate Tomkins. The shares, which appreciated 11 to 257½p, were the best FTSE performers of the day.

In contrast, LucasVarity was the worst Footsie performer as the shares surrendered 6 to 226½p. The retreat followed the surprise news of the resignation of Mr John Grant, the finance director, from the automotive and aerospace components group just months after the merger of Lucas Industries and Varity Corporation of the US.

FT 30 INDEX

	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Yr ago	*High	*Low
FT 30	2797.1	2790.4	2780.8	2762.6	2740.6	2680.5	2885.2	2668.8
Ord. div. yield	4.13	4.14	4.16	4.17	4.20	4.07	4.22	3.76
P/E ratio net	17.24	17.20	17.13	17.07	16.94	15.79	17.46	15.80
P/E ratio nil	17.07	17.03	16.96	16.90	16.78	15.59	17.30	15.71

FT 30 since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2789.9	2785.6	2790.7	2796.5	2797.7	2797.9	2798.1	2798.4	2796.7	2799.7	2783.8

	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Yr ago
SEAQ bargains	32,910	41,993	34,322	32,261	31,801	13,836
Equity turnover (£m)†	-	1133.0	1640.8	1193.1	1157.6	829.0
Equity bargains†	-	20,074	22,013	21,109	16,775	17,818
Shares traded (m)†	-	391.0	485.1	393.4	364.7	351.7

†Excluding intra-market and Crest business and overseas turnover.

	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Yr ago	*High	*Low
FTSE AIM	1029.20	1027.90	1020.40	1021.20	1015.90	-	1140.40	965.70

*For 1996.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	602	Total Highs	121	Total contracts	19,787
Total Falls	444	Total Lows	76	Calls	9,266
Same	1,521			Puts	10,521

Dec 23 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4072.0	4091.0	+13.0	4101.0	4064.0	3681	53087
Jun		4113.0	+13.0			0	2594

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		4509.0	+8.0			0	4820

■ FTSE 100 INDEX OPTION (LIFFE) (*4095) £10 per full index point

[illegible]

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

Calls 497 Puts 679 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

[illegible]

† Alternative Investment Market. ‡ Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Dec 20	% chg on day	Dec 19	Year ago	Gross div yield %	P/E ratio	52 week High	Low
Gold Mines Index (32)	1831.15	-0.8	1845.84	1922.37	1.67	-	2020.73	1800.86
■ Regional Indices								
Africa (14)	2131.20	+0.3	2125.29	2474.50	3.71	30.60	3553.86	2081.20
Australasia (6)	2160.97	+2.1	2116.36	2389.98	2.60	21.45	2927.34	2005.75
North America (12)	1705.33	-1.7	1734.61	1706.98	0.76	65.39	2186.39	1643.45

Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Dec 23	Day's chge%	Dec 20	Dec 19	Dec 18	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4087.2	+0.2	4077.6	4051.3	4018.2	3676.4	3.89	2.03	15.81	169.76	1708.22
FTSE 250	4454.6	+0.1	4448.4	4406.8	4380.5	3999.7	3.54	1.50	23.48	180.15	1825.17
FTSE 250 ex IT	4502.0	+0.2	4495.2	4452.6	4423.4	4012.2	3.63	1.53	22.54	189.50	1849.12
FTSE 350	2028.1	+0.2	2023.7	2009.4	1994.0	1823.5	3.81	1.93	16.99	83.82	1731.99
FTSE 350 Higher Yield	*1943.5*	*+0.2*	*1939.7*	*1924.4*	*1909.0*	*1828.2*	*5.03*	*1.81*	*13.71*	*105.53*	*1399.24*
FTSE 350 Lower Yield	2120.3	+0.2	2115.3	2101.9	2086.4	1823.4	2.59	2.15	22.44	62.70	1489.32
FTSE SmallCap	2164.16	+0.3	2158.60	2146.79	2140.56	1944.22	3.29	1.56	24.29	70.33	1807.76
FTSE SmallCap ex IT	2170.25	+0.3	2163.30	2152.29	2144.57	1921.34	3.52	1.63	21.85	74.28	1826.10
FTSE All-Share	1998.06	+0.2	1993.71	1979.85	1965.31	1796.23	3.78	1.91	17.37	81.27	1732.29

■ **FTSE Actuaries Industry Sectors**

	Dec 23	Day's chge%	Dec 20	Dec 19	Dec 18	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	3916.20	-0.2	3923.04	3872.14	3828.90	3282.03	3.64	1.71	20.11	142.81	1716.57
12 Extractive Industries(6)	4015.10	-0.6	4039.87	4019.24	3992.27	4246.14	4.04	2.64	11.71	162.00	1196.70
15 Oil, Integrated(3)	4085.87	-0.2	4044.25	3990.48	3946.04	3326.85	3.82	1.55	21.07	154.36	1817.71
16 Oil Exploration & Prod(14)	3223.33	+0.7	3201.93	3136.24	3061.94	2157.26	1.84	1.73	44.19	59.64	1954.23
20 GEN INDUSTRIALS(275)	2001.44	+0.4	1994.26	1976.36	1961.17	1952.90	4.29	1.66	17.50	84.81	1119.72
21 Building & Construction(34)	1196.03	+0.2	1193.24	1182.69	1174.71	1037.97	3.53	1.56	22.77	41.99	1021.26
22 Building Matls & Merchs(29)	1811.20	+0.3	1806.47	1787.89	1774.67	1802.67	4.26	1.40	20.84	77.74	936.04
23 Chemicals(25)	2337.02	....	2338.04	2318.75	2303.97	2319.16	4.41	1.43	19.82	102.76	1134.46
24 Diversified Industrials(19)	1482.33	+0.6	1473.70	1470.33	1452.80	1756.94	6.86	1.61	11.32	94.10	857.46
25 Electronic & Elect Equip(35)	2268.72	+0.1	2266.21	2261.26	2224.42	2212.46	3.48	1.34	26.76	78.92	1204.45
26 Engineering(72)	2620.54	+0.8	2599.70	2564.31	2546.42	2168.16	3.14	2.30	17.34	81.94	1621.27
27 Engineering, Vehicles(14)	3009.93	-1.2	3047.77	3032.85	3059.51	2479.58	3.59	1.72	20.20	105.04	1589.77
28 Paper, Pckg & Printing(28)	2557.42	+0.7	2540.17	2477.13	2462.47	2503.04	4.06	1.80	17.13	103.67	1090.66
29 Textiles & Apparel(19)	1046.32	+1.9	1027.29	1022.06	1029.87	1420.22	6.82	1.12	16.30	70.34	661.88
30 CONSUMER GOODS(82)	3758.04	+0.1	3752.53	3730.05	3701.68	3622.43	3.87	1.95	16.53	146.24	1420.90
32 Alcoholic Beverages(8)	2703.92	+0.7	2685.62	2677.88	2645.56	2895.48	4.77	1.85	14.18	126.10	1001.19
33 Food Producers(25)	2692.62	+0.5	2680.45	2646.67	2622.70	2559.55	4.07	1.77	17.41	105.92	1245.08
34 Household Goods(15)	2606.63	+0.2	2600.43	2572.63	2554.61	2699.54	3.93	2.23	14.26	191.87	1051.87
36 Health Care(18)	2020.13	-0.3	2025.99	2001.50	1994.59	1892.65	2.95	1.93	21.96	57.51	1247.66
37 Pharmaceuticals(14)	5711.64	....	5712.22	5677.25	5675.48	5065.66	2.99	2.01	20.78	172.19	1973.62
38 Tobacco(2)	4013.97	-0.4	4028.14	4052.07	3920.48	4879.23	6.46	2.13	9.09	262.07	1033.67
40 SERVICES(254)	2612.91	+0.1	2611.11	2600.34	2586.40	2218.07	2.90	1.99	21.67	84.99	1385.59
41 Distributors(30)	2930.21	+1.0	2900.03	2845.97	2852.97	2543.52	2.95	2.01	21.10	91.07	1101.54
42 Leisure & Hotels(26)	3267.86	....	3268.39	3269.47	3268.64	2823.13	2.74	2.02	22.55	174.18	1777.70
43 Media(44)	4271.81	+0.2	4265.09	4201.31	4174.71	3458.26	2.17	2.12	27.16	95.23	1584.78
44 Retailers, Food(14)	2147.59	-0.8	2164.34	2151.97	2122.86	1972.42	3.69	2.29	14.78	77.71	1398.35
45 Retailers, General(45)	2036.24	+0.4	2027.67	2051.17	2048.01	1936.25	3.23	2.04	19.00	73.62	1189.47
47 Breweries, Pubs & Rest.(21)	3270.90	+0.3	3262.34	3234.15	3230.05	2823.48	3.33	2.10	17.93	106.86	1605.19
48 Support Services(51)	2754.99	-0.1	2757.37	2726.65	2718.89	1878.34	1.84	2.22	30.58	61.01	1777.66
49 Transport(23)	2657.74	-0.3	2665.94	2686.97	2628.73	2160.07	3.62	1.23	28.07	97.47	1135.90
60 UTILITIES(33)	2537.83	+0.3	2529.34	2520.61	2491.41	2448.00	5.32	1.70	13.78	186.33	1143.23
62 Electricity(12)	2758.51	+0.4	2748.48	2728.36	2693.72	2736.50	6.32	2.15	9.21	462.23	1512.25
64 Gas Distribution(2)	1526.67	+2.6	1490.15	1483.75	1496.55	1891.12	7.84	0.54	29.47	119.71	836.45
66 Telecommunications(6)	2109.01	....	2108.66	2112.84	2079.85	1950.47	3.96	1.54	20.53	58.10	983.32
68 Water(11)	2319.77	-0.2	2325.58	2290.05	2267.43	2160.89	6.42	2.32	8.39	135.33	1335.73
69 NON-FINANCIALS(667)	2077.47	+0.2	2074.31	2060.65	2044.34	1900.16	3.82	1.82	18.00	87.38	1617.74
70 FINANCIALS(104)	3473.46	+0.5	3455.39	3426.44	3404.80	2854.56	3.84	2.35	13.85	131.88	1533.16
71 Banks, Retail(8)	4995.09	+0.8	4954.79	4909.40	4891.75	4043.68	3.65	2.67	12.81	182.15	1672.02
72 Banks, Merchant(6)	3909.09	-0.1	3911.52	3898.42	3859.33	3532.57	2.67	3.01	15.60	104.20	1281.22
73 Insurance(21)	1638.90	+0.2	1635.75	1630.99	1613.89	1429.71	5.12	2.29	10.64	81.13	1270.04
74 Life Assurance(7)	4030.15	....	4028.26	3978.47	3941.86	3365.46	3.66	1.79	18.18	151.01	1713.48
77 Other Financial(20)	2809.19	-0.2	2813.76	2784.35	2765.01	2361.06	3.89	1.77	17.69	109.70	1641.90
79 Property(42)	1756.28	+0.2	1753.28	1743.06	1719.37	1412.08	3.66	1.34	25.55	84.76	1109.89
80 INVESTMENT TRUSTS(126)	3120.60	....	3119.89	3096.83	3097.72	3015.37	2.29	1.12	48.77	71.91	1104.81
89 FTSE All-Share(897)	1998.06	+0.2	1993.71	1979.85	1965.31	1796.23	3.78	1.91	17.37	81.27	1732.29
FTSE Fledgling	1213.59	+0.2	1210.93	1207.33	1205.72	1100.89	2.86	0.67	64.84	35.19	1290.64
FTSE Fledgling ex IT	1231.11	+0.3	1227.87	1224.33	1222.25	1103.34	3.05	0.59	66.66	38.21	1311.21

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4076.3	4067.9	4074.9	4082.2	4084.0	4092.5	4093.0	4084.6	4085.5	4087.2	4066.7
FTSE 250	4446.4	4448.4	4451.0	4452.2	4454.7	4455.2	4454.7	4455.2	4454.6	4455.3	4446.4
FTSE 350	2023.0	2020.0	2022.9	2025.9	2026.8	2026.3	2026.4	2027.1	2027.4	2028.1	2019.4

Time of FTSE 100 Day's high: 4:30 PM Day's low: 8:51 AM. FTSE 100 1996 High: 4087.2 (23/12/96) Low: 3632.3 (18/07/96).

■ ***FTSE* 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1159.9	1162.1	1162.1	1163.3	1162.4	1162.0	1162.0	1162.0	1161.7	1161.7	1160.4	+1.3
Pharmaceuticals	5637.5	5613.0	5617.9	5616.5	5623.2	5622.2	5621.9	5626.4	5639.7	5641.8	5642.6	-0.8
Water	2312.0	2307.6	2308.3	2308.7	2310.4	2310.5	2308.9	2307.3	2307.0	2306.5	2312.3	-5.7
Banks, Retail	5025.5	5023.0	5023.7	5041.1	5041.6	5041.1	5042.2	5051.1	5052.6	5058.8	5018.0	+40.8

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. DELETION: Bilston & Battersea: Bwl (FTSE Fledgling). QUARTERLY CHANGES: see paper dated 12/12/1996 pg22.

FTSE INTERNATIONAL

TRADING VOLUME

■ **Major Stocks Yesterday**

[illegible]

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 23 / Sch)

BELGIUM/LUXEMBOURG (Dec 23 / Frs.)

CZECH REP (Dec 23 / Koruna)

DENMARK (Dec 23 / Kr)

FINLAND (Dec 23 / Mks)

FRANCE (Dec 23 / Frs.)

GERMANY (Dec 23 / Dm.)

GREECE (Dec 23 / Drachma)

ITALY (Dec 23 / Lire)

NETHERLANDS (Dec 23 / Fls.)

NORWAY (Dec 23 / Kroner)

POLAND (Dec 23 / Zloty)

PORTUGAL (Dec 23 / Escudo)

SPAIN (Dec 23 / Pts.)

SWEDEN (Dec 23 / Kronor)

SWITZERLAND (Dec 23 / Frs.)

TURKEY (Dec 23 / Tk.Lira)

PACIFIC

JAPAN (Dec 20 / Yen)

AUSTRALIA (Dec 23 / AustS)

HONG KONG (Dec 23 / H.K.S)

INDONESIA (Dec 23 / Rupiah)

MALAYSIA (Dec 23 / MYR)

NEW ZEALAND (Dec 23 / NZ $)

SINGAPORE (Dec 23 / S$)

SOUTH KOREA (Dec 23 / Won)

TAIWAN (Dec 23 / TW $)

THAILAND (Dec 23 / Baht)

AFRICA

SOUTH AFRICA (Dec 23 / Rand)

NORTH AMERICA

CANADA

MONTREAL (Dec 23 / Can $) 4 pm close

TORONTO (Dec 23 / Can $) 4 pm close

Prices supplied by Exel, part of FT Information.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calculate year high and low. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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INDICES

	Dec 23	Dec 20	Dec 19	1996 High		1996 Low	
Argentina							
General(29/12/77)	(u)	18005.32	17960.72	18881.95	20/5	15297.25	22/8
Australia							
All Ordinaries(1/1/80)	2380.5	2373.8	2331.7	2384.70	25/11	2086.10	17/7
All Mining(1/1/80)	943.0	937.2	917.8	1118.40	8/5	903.80	13/12
Austria							
Credit Aktien(30/12/84)	379.77	378.34	378.34	394.99	31/5	349.19	6/9
Traded Index(2/1/91)	1123.74	1127.45	1120.22	1142.51	28/5	975.27	2/1
Belgium							
BEL20(1/1/91)	1882.34	1885.13	1868.58	1888.58	3/12	1574.90	2/1
Brazil							
Bovespa(29/12/83)	(u)	69422.0	68816.0	69471.00	5/12	43801.00	2/1
Canada							
Metals Minls♦(1975)	(u)	5258.63	5208.22	5624.80	8/5	4687.47	16/1
Composite♦(1975)	(u)	5869.70	5844.30	5918.65	28/11	4738.70	15/1
PortfolioSS(4/1/83)	(u)	2909.50	2897.11	3026.76	28/11	2227.39	12/1
Chile							
IGPA Gen♦(31/12/80)	(u)	4893.00	4882.51	5804.33	8/1	4888.78	18/12
Denmark							
CopenhagenSE(3/1/83)	465.23	464.15	461.28	466.33	23/12	388.40	2/1
Finland							
HEX General(28/12/90)	2461.75	2451.75	2433.39	2491.99	10/12	1851.67	10/1
France							
SBF 250(31/12/90)	1541.73	1537.42	1519.76	1579.25	3/12	1250.16	2/1
CAC 40(31/12/87)	2287.44	2278.53	2248.70	2349.11	3/12	1897.86	11/1
Germany							
FAZ Aktien(31/12/58)	985.33	987.20	974.52	1006.14	5/12	818.56	2/1
Commerzbank(1/12/53)	2872.80	2878.30	2840.80	2938.80	5/12	2378.10	2/1
DAX‡(30/12/87)	2845.57	2854.45	2807.75	2909.91	5/12	2284.86	2/1
Greece							
Athens SE(31/12/80)	931.04	938.20	943.71	1017.98	4/3	872.99	7/8
Hong Kong							
Hang Seng(31/7/64)	13331.45	13131.4	12848.5	13530.56	27/11	10204.87	2/1
India							
BSE Sens.(1978)	3093.04	3110.19	3035.91	4069.29	18/6	2745.08	4/12
Indonesia							
Jakarta Comp.(10/8/82)	633.07	632.52	628.31	634.57	9/12	512.48	2/1
Ireland							
ISEQ Overall(4/1/88)	2667.73	2567.30	2658.01	2700.04	4/10	2234.61	2/1
Italy							
Banca Comm Ital(1972)	657.98	660.94	655.40	674.10	20/5	572.21	27/3
MIB General(2/1/56)	1116.0	1121.0	1112.0	1142.00	20/5	970.00	27/3
Japan							
Nikkei 225(16/5/49)	(c)	19590.46	19570.67	22666.80	26/6	19570.67	19/12
Nikkei 300(1/10/82)	(c)	280.69	279.09	338.70	25/6	279.09	19/12
Topix(4/1/68)	(c)	1475.84	1469.73	1722.13	26/6	1469.73	19/12
2nd Section(4/1/68)	(c)	1855.31	1862.85	2251.48	2/7	1855.31	20/12
Malaysia							
KLSE Comp.(4/4/86)	1197.78	1203.06	1201.03	1204.23	28/11	993.18	2/1
Mexico							
IPC(Nov 1978)	(u)	3371.36	3330.14	3433.76	27/8	2738.36	8/3
Netherland							
CBS TtlRtnGen(End 83)	731.2	728.3	721.0	731.20	23/12	538.80	2/1
CBS All Shr(End 83)	429.2	427.5	423.2	429.20	23/12	326.70	2/1
New Zealand							
Cap. 40(1/7/86)	2343.81	2349.98	2335.91	2393.92	5/12	2025.14	7/6
Norway							
Oslo SE(Ind)(2/1/83)	1598.91	1593.43	1578.58	1617.26	10/12	1259.88	30/1
Philippines							
Manila Comp(2/1/85)	3139.92	3180.20	3154.38	3374.40	3/7	2578.97	2/1
Portugal							
BVL 30(4/1/93)	2157.20	2150.51	2145.17	2157.20	23/12	1602.91	2/1
Singapore							
SES All-S'pore(2/4/75)	527.91	527.98	530.36	618.37	5/2	503.78	21/10
South Africa							
JSE Gold(28/9/78)	1493.1♥	1501.9	1491.3	2030.40	29/5	1346.40	2/1
JSE Ind.(28/9/78)	7769.0♥	7795.8	7724.7	8739.30	25/1	7588.90	17/12
South Korea							
KoreaCompEx**(4/1/80)	684.81	700.87	690.97	986.84	7/5	661.39	18/12
Spain							
Madrid SE(30/12/85)	431.01	428.57	423.42	431.01	23/12	323.75	11/1
Sweden							
AffarsvaldsGen(1/2/37)	2358.3	2358.5	2345.7	2368.50	20/12	1706.88	22/1
Switzerland							
Swiss Bk Ind(31/12/58)	1839.45	1844.45	1830.61	1858.16	3/12	1518.19	17/1
SBC General(1/4/87)	1301.36	1304.74	1301.32	1315.93	3/12	1114.47	26/1
Taiwan							
Weighted Pr.**(30/6/66)	6932.00	6930.66	6859.40	6982.81	2/12	4690.22	6/2
Thailand							
Bangkok SET(30/4/75)	819.79	816.79	832.68	1415.04	8/2	816.79	20/12
Turkey							
Istanbul Comp.(Jan 1986)	9410.71	94079.1	94451.1	94079.10	20/12	9410.71	23/12
WORLD							
MS Capital Intl$(1/1/70)	819.9*	818.7	813.0	837.20	25/11	725.90	15/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1895.86	1898.23	1865.10	1899.49	3/12	1504.40	11/1
Euro Top-100(26/6/90)	1592.89	1588.98	1580.40	1593.23	3/12	1333.01	11/1
HSBC JC Dlgn(31/12/88)	(u)	408.25	403.90	420.20	27/11	344.19	2/1
MG Emgs Emg(7/1/92)	158.04	158.15	157.64	165.91	4/7	147.36	2/1

US INDICES

Dow Jones	Dec 20	Dec 19	Dec 18	1996 High	1996 Low	Since compilation High	Since compilation Low
Industrials	6484.40	6473.64	6346.77	6547.79	5032.94	6547.79	41.22
				(25/11)	(10/1)	(25/11/96)	(8/7/32)
Home Bonds	103.87	103.46	103.20	108.09	100.99	109.77	54.99
				(14/2)	(15/7)	(18/10/93)	(1/10/81)
Transport	2270.47	2255.67	2236.56	2315.47	1882.71	2315.47	13.23
				(5/12)	(18/1)	(5/12/96)	(8/7/32)
Utilities	234.98	232.53	228.48	228.12	204.86	266.48	16.53
				(25/11)	(30/7)	(31/8/93)	(8/7/32)

DJ Ind. Day's high 6587.43 (6499.40) Low 6445.19 (6362.15) (Theoretical♦)
Day's high 6548.99 (6477.87) Low 6479.41 (6346.77) (Actual♦)

Standard and Poors	Dec 20	Dec 19	Dec 18	1996 High	1996 Low	Since compilation High	Since compilation Low
Composite‡	748.87	745.76	731.54	757.03	598.48	757.03	4.40
				(25/11)	(10/1)	(25/11/96)	(1/6/32)
Industrials♥	878.09	875.59	860.13	887.49	702.07	887.49	3.52
				(2/12)	(15/1)	(2/12/96)	(30/6/32)
Financial	83.44	82.63	80.24	84.93	58.57	84.93	7.13
				(29/11)	(10/1)	(29/11/96)	(4/9/74)
NYSE Comp.	394.11	392.16	385.17	398.86	321.41	398.86	4.64
				(25/11)	(10/1)	(25/11/96)	(25/4/42)
Amex Mkt Val	582.01	578.53	574.96	614.99	525.60	614.99	29.13
				(22/5)	(16/7)	(22/5/96)	(9/12/74)
NASDAQ Cmp	1288.56	1295.86	1285.38	1316.27	988.57	1316.27	54.87
				(9/12)	(15/1)	(9/12/96)	(3/10/74)

■ RATIOS

	Dec 20	Dec 13	Dec 6	Year ago
Dow Jones Ind. Div. Yield	2.04	2.09	2.05	2.31
	Dec 18	Dec 11	Dec 4	Year ago
S & P Ind. Div. yield	1.87	1.85	1.83	1.98
S & P Ind. P/E ratio	22.74	23.04	23.05	18.75

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
CocaCola	11,385,000	52¾	+1⅜
Hanson	8,358,800	6¾	—
WalMart	8,038,000	23¾	+⅛
AT&T	7,401,900	39¼	-⅛
PepsiCo	6,997,300	29⅞	+½
Gen Elec	6,713,800	102½	-⅝
Merck	5,847,300	82⅝	+1⅞
Jhnsn & Jhn	5,319,500	49⅞	-⅝
Ford Motor	4,908,900	31⅞	+⅛
GTE Corp	4,519,300	45⅞	+1

■ TRADING ACTIVITY

● Volume (million)

	Dec 20	Dec 19	Dec 18
New York SE	650.085	522.316	500.398
Amex	26.057	28.059	23.259
NASDAQ	642.291	653.070	636.471
NYSE			
Issues Traded	3,357	3,331	3,350
Rises	1,594	1,816	1,531
Falls	948	759	982
Unchanged	815	756	838
New Highs	214	163	74
New Lows	50	61	60

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40 (200 x index)							
Dec	2286.0	2298.0	+16.0	2296.0	2272.0	15,482	22,823
Jan	2290.0	2300.5	+16.5	2301.0	2276.5	6,781	8,377
■ DAX							
Dec	2891.0	2865.0	+12.0	2869.5	2860.0	4,002	–
Mar	2879.0	2877.0	+11.5	2879.0	2874.0	1,110	–
■ OMX							
Dec	1840.00	1840.25	-4.75	1847.50	1840.00	3,985	11,078
Jan	1846.50	1845.75	-3.25	1853.50	1845.75	3,603	25,661
■ SOFFEX							
Jan	3905.0	3880.2	-14.8	3905.0	3880.2	1,106	18,801

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Mar	757.00	756.70	-0.55	758.30	753.75	85,912	182,442
Jun	762.50	764.40	+0.80	764.40	761.70	171	5,402

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
■ Nikkei 225							
Mar	19760.0	19590.0	-70.0	19820.0	19540.0	33,176	208,890
Jun	19780.0	19600.0	-170.0	19780.0	19600.0	4,336	22,872

Open interest figures for previous day.

** Sat Dec 21: Taiwan Weighted Price 6900.46; Korea Comp Ex 683.14. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Dec 23 - 2844.09 -8.55.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Friday, December 20, 1996.

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	8.6m	345	+11	Sumitomo Mtl Ind	4.2m	292	-9
Yachan Jpn Corp	8.2m	365	+2	Keisei El Rly	4.1m	755	+5
Taisho Pharm	7.1m	2,550	+40	Tokio M&F Ins	3.7m	1,060	+20
Toshiba Corp	6.8m	710	-6	Nomura Sec	3.7m	1,760	
Mitsubishi Hvy	6.1m	814	+4	NEC Corp	3.5m	1,350	+40

4pm close

NEW YORK STOCK EXCHANGE PRICES

1996 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32	26⅝	AAR	0.48	1.7	23	501	28⅝	27¾	27¾	-1¼
48⅛	33	AMP	1.00	2.6	18	4082	39½	38	38⅛	
97½	68	AMR			17	1124	88½	87	87⅞	+½
50½	34⅞	ASA	1.20	3.5	23	190	34¾	34½	34¾	+⅛
57⅞	38⅛	AbbtL	0.96	1.8	22	3557	53½	52	52½	-⅛
17¼	12¼	Abitibi Pr x	0.40	2.5	8	257	16⅛	15⅞	15⅞	-⅛
20¼	13½	ABM Ind	0.40	2.4	16	64	17	16¾	17	+⅛
22½	13⅞	Acptncelt			9	36	20¼	20	20⅛	+⅛
60	37¾	ACE Ltd	0.72	1.3	9	256	57¼	56¼	56⅝	-⅝
10⅜	9⅛	ACM Gvt In x	0.90	8.8	11	189	10¼	10⅛	10¼	
7⅞	6⅝	ACM GvOpp x	0.57	7.7		239	7⅜	7⅛	7⅜	+⅛
9⅞	8⅜	ACM Man x	0.90	9.2		69	9¾	9½	9¾	+⅛
13⅞	6⅛	Acme Elect				73	7	6⅞	6⅞	-¼
21⅝	13⅞	Acme Mills			14	33	20	19⅝	20	
33¾	27¾	Acordia x	0.80	2.7	14	2	29⅝	29¼	29¼	
24¾	12	Acuson				930	23½	22⅞	23¼	-⅛
21⅛	17⅞	Adams Expr x	0.56	2.8	1	310	19⅞	19¾	19¾	
28⅜	10¼	AdvMic			26	2169	26⅛	25⅝	25⅞	-½
11⅛	8½	Advest Grp			7	40	10½	10½	10½	-⅛
26⅛	9⅛	Advo Inc			36	78	12⅜	12½	12⅜	
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4pm close

NYSE PRICES

Continued from previous page

1996 High	1996 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
8 1/2	5 5/8	SchwnRA x	0.26	3.3	21	7	8	7 7/8	7 7/8	-1/8
51 1/8	37 3/4	ScheringP			35	127	49 1/4	48 3/8	49 1/8	+1 1/2
73 1/8	50 1/2	SchPl	1.32	1.9	21	2839	67 3/4	66 1/4	67 3/4	+1 1/4
108 1/4	65 3/8	Schlmb x	1.50	1.4	33	1615	105 1/4	104 1/4	105	-1/4
14 1/2	8 1/8	Schlr x	0.12	1.1	11	436	10 1/2	10	10 1/2	
32 1/4	18 3/8	Schwab(C)	0.20	0.6	26	1654	32 1/8	31 3/4	31 7/8	
33 5/8	22 3/4	SchwMaud	0.60	1.9	16	131	31 3/4	31 3/8	31 5/8	-1/8
20 3/8	12	SciAtl	0.06	0.4		773	15 7/8	15	15 1/2	-3/8
24 7/8	17	Scotsman	0.10	0.4	12	19	23 3/4	23 5/8	23 5/8	-1/4
18 1/8	12 1/2	ScuddrNAgF	0.02	0.2		188	13	12 3/4	12 7/8	
14 3/8	11	ScuddrNEsF	0.05	0.4		84	13 7/8	13 5/8	13 7/8	
20 3/4	14 3/4	SeaCoA	0.77	5.0	22	229	15 3/4	15 3/8	15 1/2	-1/4
16	15	SeaC1.4625	1.46	9.1		6	15 7/8	15 1/2	16	+1/4
42 3/4	18	S'gate			37	3153	38 5/8	37 5/8	38	-1/4
41 3/4	30 7/8	Seagrm	0.66	1.6		1497	41	40 3/8	40 3/4	-1/4
26	17 1/4	Seagull En			52	540	22 1/2	22 1/8	22 1/8	-1/2
44 1/8	26	Sealed Air			26	119	41 3/8	40 7/8	41 1/4	-1/8
53 7/8	38 3/4	SearsR x	0.92	2.0	15	6677	45 7/8	44 3/4	45 1/4	+1/4
21 3/4	17	ScCpSBI	1.30	6.0	18	216	21 5/8	21 1/4	21 1/2	-1/8
13	11 7/8	Seligm Sel x	0.84	6.8		65	12 1/2	12 3/8	12 3/8	-1/8
23 3/4	13 5/8	Sensormat	0.22	1.3		1186	18	17	17 1/4	-1/2
48 1/2	28 1/2	SequaA	0.60	1.5	41	139	40 1/4	39 7/8	39 7/8	-3/8
53 5/8	39	SequaB	0.50	1.0	51	7	49	48 1/2	49 1/4	+1/4
31 3/4	19 1/2	SarvCp	0.24	0.8	14	3258	28 1/4	27 1/4	28 1/4	+3/8
28 5/8	18 1/2	SvMstr	0.68	2.6	15	154	25 7/8	25 3/8	25 7/8	+3/8
6 1/2	4 1/4	ShrdMerch			10	17521	5	4 1/2	4 1/2	+1/8

[illegible]

1996 High	1996 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
4	3	Zapata			60	232	3 5/8	3 1/2	3 5/8	+1/8
25 3/4	5 7/8	ZnthEl				1426	11 1/4	10 7/8	10 7/8	-3/8
28 7/8	21 1/8	Zeolln Nat	1.00	3.6	15	68	27 1/2	27 1/4	27 1/2	+1/4
7 1/4	6 1/2	Zenix Inc x	0.73	10.3		29	u7 1/4	7 1/8	7 1/8	
22 7/8	15 1/8	Zero	0.12	0.6	17	24	20 1/4	20 1/8	20 1/8	-3/8
29	18 1/2	Zurn Ind x	0.40	1.5	15	109	26 1/8	25 5/8	26	+1/4
11 3/8	10 1/2	Zweig Fund	1.08	9.8		316	10 7/8	10 3/4	11	+1/4
9	8 1/8	Zweig Totl x	0.84	10.3		272	8 1/4	d8 1/8	8 1/8	-1/8

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

Dealings suspended.

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AMEX PRICES

4 pm close December 23

[illegible]

NASDAQ NATIONAL MARKET

4pm close

[illegible]

Tech stocks give back some gains

AMERICAS

US shares were mixed at midsession in quiet pre-holiday trading, *writes Lisa Bransten in New York.*

At 12:30pm, the Dow Jones Industrial Average was up 16.91 at 6,501.31, while the Standard & Poor's 500 was off 0.16 at 748.71. Volume on the NYSE was light at 178m shares.

Technology shares were mixed with the Nasdaq composite, which is weighted toward that sector, showing a loss of 2.71 at 1,285.85 and the Pacific Stock Exchange technology index off 0.8 per cent.

Some of the large capitalisation technology shares that have soared during the autumn gave back some of those gains. Intel, which is the largest company on the Nasdaq, shed $1¼ of the nearly $55 it had climbed since the start of September, bringing the shares to $133¼. Dell Computer lost $2⅝ of the more than $21 it had risen in the same period, bringing the share to $52⅝.

Some blue chips in the Dow were helped by gains in the bond market that sent the yield on the benchmark 30-year Treasury bond down to 6.569 per cent. Caterpillar added $1⅞ at $75⅞, Texaco was $1 stronger at $97⅞ and Philip Morris rose $112⅝.

Home Beneficial, the insurer, jumped $8⅜ or 29 per cent at $37⅞ on news that American General had agreed to buy the company for $665m in cash and stock. Shares in American General slipped $⅜ to $40.

Apple Computer rose $⅝ to $27⅝ on news that the company had agreed to buy Next Software for $400m. The deal brings Mr Steve Jobs, founder of Next and a co-founder of Apple, back to the company to act as a part-time adviser to Apple's chief executive, Mr Gil Amelio.

ValuJet lost $⅜ or 5 per cent at $7⅛ after the low cost carrier cancelled flights to Texas and Florida, saying it did not have confidence in the charter companies signed up to carry passengers.

TORONTO was mixed, but with a firmer bias at midsession with the TSE-300 composite index up just 1.69 at 5,871.36. *Financial services* shares were firmer, spearheaded by a 55 cent rise to C$53.50 in Canadian Imperial Bank of Commerce.

Barrick Gold dipped 15 cents to C$39.60 and Bre-X Minerals picked up 25 cents to C$22.25 as investors awaited details of an expected agreement over the ownership of the Busang find in the East Kalimantan province of Indonesia.

BUENOS AIRES shrugged *off a one-day general strike* called in protest at proposed labour law reforms, with analysts pointing to positive *economic indicators and a* major bond offering planned by the government as lifting the market. At midsession, *the Merval index of leading* shares was 0.96 per cent higher at 634.03.

Bourses wind down to Christmas

EUROPE

European markets wound down to the Christmas break in largely quiet trade, although a scattering of record highs were again seen in some of the smaller markets.

FRANKFURT stalled in afternoon dealings, as the market wound down ahead of a three day break. Individual features were scattered very thinly, but *Kloeckner Werke lifted 50 pfg to DM64* on news that its banks had extended the company's lines of credit until 2001.

Under the terms of the agreement, the 26 banks which make up the consortium will provide credits of DM862m. The Ibis Dax ended up 8.91 at 2,844.09.

PARIS slipped after publication of US November personal income data. The CAC-40 gave up some of the gains made in early afternoon trade but still closed up 8.91 at 2,287.44. Volume was FFr3.6bn, heavier than normal for Christmas week.

Moulinex fell FFr5.50 to FFr116.50 after reporting a net loss of FFr74m for the first half, compared with a loss of FFr121m a year earlier.

AMSTERDAM closed higher, squeezed up on low volume ahead of today's half-day trading session. With most big Dutch institutions already absent, private and foreign investors were dominant, turning round a *morning fall on profit-taking* and squaring books ahead of the year-end. A push higher on Wall Street also helped during the last hour of trade. The AEX index closed 2.32 up at 635.03, within sight of the 636.75 all-time high set on December 3. KLM closed Fl 1.20 higher at Fl 48.50 on news of a productivity drive at its Transavia unit.

ZURICH edged down in quiet trade with even the session's highlight, the debut of the Novartis shares, proving a modest event. The SMI index fell 14.6 to 3,875.5.

CS Holding picked up 50 centimes to SFr137.50 and Elektrowatt was marked down SFr14 to SFr511. News that Siemens of Germany would take over CS Holding's large stake in the industrial activities of Elektrowatt came after the market closed.

Shares in Novartis closed near the day's low with the registereds at SFr1,488 and the bearers at SFr1,485, after both opened at SFr1,502. Certificates in its rival, Roche, lost SFr50 to SFr10,190.

In the financial issues, UBS encountered selling pressure that took the shares down SFr22 to SFr1,174 and Swiss Reinsurance SFr9 to SFr1,389.

MILAN slipped from its best levels during a weak session, dominated by book squaring. The Comit index finished 2.96 off at 657.98. *Olivetti, however,* rose L18.2 to L524.6 after a recent poor performance.

The Fiat-controlled Sorin Biomedica lost L122 to L5,460 on news that it had sold its nuclear medicine business to Amersham International.

MADRID remained at a record high with the general index up 2.44 at 431.01 in hefty turnover of Pta54.8bn.

Banco Santander gained Pta290 to Pta8,000, boosted by its recent purchases in Latin America and after Standard & Poors affirmed its ratings for the bank.

COPENHAGEN was led higher by banks and Danisco in a quiet market, and the KFX index picked up 1.22 to close at a record 133.37.

Foreign buyers concentrated on the banks. Den Danske rose DKr11 to DKr468, Unidanmark gained DKr4 to DKr304 and Jyske Bank finished DKr3 higher at DKr440.

Danisco, up DKr6 to DKr354, continued to climb after Morgan Stanley's "outperform" rating on Friday.

WARSAW bounded 1.9 per cent higher, extending the gains of the previous four sessions and taking the Wig index up 269.8 to 14,330.5.

BUDAPEST extended its record-setting run and the Bux index added 5.95 to 4,102.47 in the second highest ever turnover of Ft3.7bn.

Written and edited by Michael Morgan and Peter John

FTSE Actuaries Share Indices

THE EUROPEAN SERIES

Dec 23 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	1882.22	1883.19	1883.51	1883.81	1885.43	1885.85	1885.83	1885.86
FTSE Eurotrack 200	1939.83	1941.92	1942.18	1943.78	1946.79	1946.54	1946.01	1946.89

	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16
FTSE Eurotrack 100	1888.23	1865.10	1855.83	1847.55	1854.48
FTSE Eurotrack 200	1946.86	1923.12	1915.42	1906.43	1909.86

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MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1996	Start of 1996	Start of 1996
Austria	+1.14	+3.33	+17.79	+16.09	-0.41	+6.91
Belgium	*+2.25*	*+1.72*	*+18.74*	*+17.10*	*+0.32*	*+7.69*
Denmark	+2.06	+2.81	+27.63	+26.09	+9.40	+17.44
Finland	+2.52	+1.97	+46.97	+37.11	+19.61	+28.40
France	+3.05	+1.53	+28.01	+25.18	+8.69	+16.68
Germany	+1.99	+2.96	+23.86	+23.69	+6.13	+13.94
Ireland	+1.28	-0.01	+19.51	+18.72	+14.25	+22.65
Italy	+3.37	-1.07	+12.48	+6.81	+3.31	+10.91
Netherlands	+4.16	+2.71	+31.09	+29.72	+11.10	+19.27
Norway	+1.39	+2.13	+28.59	+25.55	+14.23	+22.63
Spain	+6.71	+9.82	+38.90	+37.83	+14.23	+27.79
Sweden	+2.83	+2.89	+42.21	+36.84	19.04	+32.87
Switzerland	+1.19	-0.18	+18.23	+16.40	-6.57	+0.30
UK	+2.54	+1.44	+12.55	+10.31	+10.31	+18.42
EUROPE	*+2.69*	*+1.89*	*+20.88*	*+18.67*	*+8.15*	*+16.10*
Australia	+2.70	-0.23	+6.83	+6.92	+6.44	+14.26
Hong Kong	+2.24	-0.57	+31.31	+28.40	+19.53	+28.32
Japan	-1.41	-5.82	-4.12	-6.04	-20.93	-15.11
Malaysia	+0.78	-2.11	+19.56	+20.15	+12.49	+20.76
New Zealand	-0.26	-0.28	+8.79	+6.43	+7.45	+15.35
Singapore	+1.18	-1.10	+1.57	+0.53	-5.36	+1.60
Canada	+2.74	-1.09	+27.92	+26.92	+17.94	+26.61
USA	+2.68	+0.10	+23.29	+21.21	+12.91	+21.21
Mexico	+3.57	+1.08	+21.53	+18.60	+8.54	+16.52
South Africa	+1.10	-2.47	+3.74	+4.29	-24.37	-18.81
WORLD INDEX	+1.85	-0.66	+16.01	+14.01	+3.08	+10.65

† Based on December 20th 1996. © Copyright, FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. 1996. All rights reserved.

South Africa weak ahead of holiday

Johannesburg edged back in quiet trade of about R350m ahead of the looming seasonal festivities.

The overall index dipped 4.0 to 6,536.4 as industrials shed 26.8 to end at 7,769.0. Golds also dipped slightly in a market distinguished by a lack of interest in the face of a steady bullion price. The index lost 8.8 to 1,493.1.

Dealers reported some basket-trading of shares as few individual stocks *sparked off interest. The* result was a mixed bag of individual performances from the blue-chips, as De *Beers continued its strong* recent gains and put on 300 cents to R133.00. Other favoured stocks included Anglos which added 325 cents to R247.25 and SA Breweries which gained 75 cents to R115.75.

Properties lead Hong Kong rebound

ASIA PACIFIC

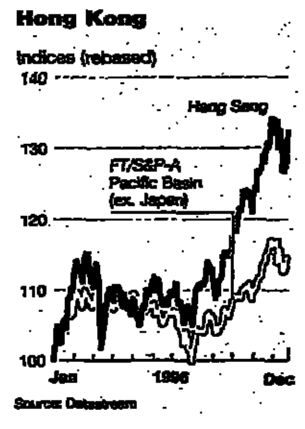
An unexpected burst of pre-Christmas activity took HONG KONG 1.5 per cent higher, with buying fuelled by Wall Street's recent performance and an improved outlook for the local property market.

The Hang Seng index jumped 200.07 to 13,331.48, after a high of 13,361.24. Turnover was a robust HK$9.1bn, well up on Friday's HK$7bn, although inflated by share placements.

A good response to Sino *Land's sale of luxury* residential properties over the weekend cheered investors while share placements by *Sino Land and another property* group did not dampen market sentiment.

Sino Land's parent company, *Tsim Sha Tsui Properties*, placed 238m shares at HK$9.13 each and subscribed to an equal number of new shares, netting Sino Land HK$2.1bn after expenses. Sino Land closed down 30 cents at HK$9.30, after bouncing off a low of HK$9.15, while Tsim Sha Tsui rose 30 cents to *HK$15.20.*

Hong Kong



Source: Datastream

Kong Tai International placed 582m new shares at 25 cents a share. The stock surged 16 cents to 39 cents in turnover of HK$296.7m.

TAIPEI was spurred higher by news that the finance ministry would sell off its holdings in the island's "big three" state commercial banks by July to ease the budget deficit.

The ministry holds only small stakes in Chang Hwa, First Bank and Hua Nan, which are controlled by Taiwan's provincial government and will remain in state hands after the sell-off.

The weighted index ended 31.51 higher at 6,932.00, off a high of 6,954.73 in active turnover of T$59.47bn.

Chang Hwa and First Bank each rose T$1 to T$158 and T$168 respectively. Hua Nan jumped T$4 to T$131.5.

BANGKOK reversed steep losses late in the day, after an early 3 per cent slide attracted bargain hunters back to blue chips.

The SET index moved into positive territory shortly *before the close and ended* up 3.00 at 819.79.

Dealers said that long-term European funds were buying in the afternoon, as were brokers, for their own portfolios.

Krung Thai Bank topped the active list gaining Bt2.25 to Bt51 while Thai Farmers Bank ended up Bt1 at Bt125, after falling to Bt116.

MANILA was marked sharply lower at the opening on news that President Fidel Ramos had undergone surgery, but recovered partially by the close, on news that the operation had proved successful. The composite index finished 40.28 or 1.3 per cent weaker at 3,139.92, after a low of 3,112.56.

Tokyo was closed for a public holiday

SINGAPORE slipped back late in the day, largely unmoved by news that the country would go to the polls for general elections on January 2. The Straits Times Industrial index eased just 0.95 to 2,195.86.

SEOUL was weak in the absence of demand from pension funds that had been expected to support prices. The composite index ended 8.33 lower at 684.81.

Sammi Steel, firm in recent sessions on news that it planned to sell parts of its stainless steel business to Posco, fell Won330 to Won4,380 on profit-taking.

SYDNEY edged higher during a sleepy session as some demand in the bank sector supported the market as it wound down for the Christmas break. The All Ordinaries index closed 6.7 higher at 2,380.5, with turnover around one third of the Friday's record A$1.7bn.

Dealers noted interest in the banking sector after Advance Bank's shareholders approved a scheme to merge with the fellow regional, St George Bank.

St George ended 19 cents weaker at A$7.88 while Advance shares were up 16 cents to A$6.90.

DHAKA fell 3.3 per cent as many large investors were sidelined by news that the *official regulator* had launched an inquiry into alleged manipulation of the market. The all-share index fell 82.28 to 2,375.37.

China's hard currency B shares rebounded after last week's falls. SHENZHEN's B index jumped 7.68 or 6.1 per cent to 133.24 while SHANGHAI's B shares were up 0.944 or 1.5 per cent at 64.678.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS	FRIDAY DECEMBER 20 1996								THURSDAY DECEMBER 19 1996					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	217.13	2.3	193.15	156.70	175.41	181.66	2.1	4.22	212.24	189.27	153.00	172.14	177.90	224.61	188.44	189.48
Austria (24)	186.59	1.0	165.98	134.66	150.74	150.67	0.6	1.90	184.68	164.70	133.13	149.79	149.72	195.04	170.57	170.57
Belgium (27)	225.23	1.2	200.35	162.54	181.95	177.74	0.7	3.75	222.58	198.49	160.45	180.53	176.52	229.11	203.64	204.79
Brazil (28)	187.50	0.4	166.79	135.31	151.47	358.28	0.4	1.71	186.77	166.56	134.64	151.49	356.93	189.70	135.21	135.21
Canada (115)	187.94	0.4	167.18	135.63	151.83	186.06	0.4	1.96	187.26	167.00	134.99	151.89	185.34	196.24	146.65	146.65
Denmark (30)	339.14	1.1	301.68	244.75	273.98	274.45	0.8	1.68	335.44	299.14	241.81	272.07	272.30	340.41	282.32	282.55
Finland (24)	240.20	1.3	213.67	173.35	194.04	233.75	0.8	2.15	237.15	211.49	170.95	192.35	231.81	244.11	173.38	173.38
France (93)	209.33	1.8	186.21	151.07	169.11	172.29	1.3	2.84	205.72	183.45	148.29	166.85	170.08	212.49	172.94	172.94
Germany (59)	186.51	1.9	165.91	134.60	150.67	150.67	1.5	1.60	183.03	163.22	131.94	148.45	148.45	189.86	162.12	162.12
Hong Kong (59)	497.48	2.1	442.53	359.02	401.89	494.18	2.1	3.15	487.38	434.63	351.33	395.30	484.22	513.18	379.02	379.02
Indonesia (27)	225.42	0.8	200.52	162.68	182.10	326.43	0.9	1.56	223.75	199.54	161.29	181.48	323.60	–	–	–
Ireland (16)	313.39	0.5	278.77	226.16	253.17	266.67	0.4	3.44	311.74	278.00	224.72	252.84	265.70	321.14	250.17	251.28
Italy (58)	81.74	0.1	72.71	58.99	66.03	93.28	–0.3	2.23	81.65	72.82	58.86	66.23	93.54	84.53	69.68	69.68
Japan (480)	131.52	0.4	116.99	94.92	106.25	94.92	0.5	0.81	131.02	116.84	94.44	106.26	94.44	164.68	131.02	153.85
Malaysia (107)	585.84	0.1	521.13	422.79	473.27	569.96	0.2	1.09	585.13	521.80	421.80	474.59	568.95	607.65	477.96	486.56
Mexico (27)	1206.91	–0.3	1073.61	871.01	975.01	10348.78	–0.6	1.07	1210.27	1079.29	872.44	981.62	10410.66	1325.65	1034.29	1034.29
Netherland (19)	325.28	1.4	289.35	234.75	262.78	258.84	1.0	2.85	320.63	285.93	231.13	260.05	256.25	328.12	267.71	267.71
New Zealand (14)	91.89	0.9	81.74	66.32	74.23	68.85	0.7	4.05	91.03	81.18	65.62	73.83	68.38	94.40	75.94	77.76
Norway (35)	283.61	1.6	252.29	204.68	229.12	249.02	1.3	2.03	279.29	249.07	201.33	226.53	245.86	286.15	223.44	223.78
Philippines (22)	204.22	1.5	181.67	147.38	164.98	267.87	1.5	0.82	201.22	179.45	145.05	163.21	263.69	–	–	–
Singapore (43)	413.72	–0.2	368.03	298.56	334.23	266.84	–0.2	1.03	414.56	369.70	298.84	336.24	267.29	465.21	371.28	402.91
South Africa (44)	312.86	1.3	278.30	225.79	252.74	320.20	1.6	2.46	308.81	275.39	222.61	250.47	315.31	437.76	301.49	385.43
Spain (37)	211.10	1.6	187.79	152.35	170.54	209.27	1.1	2.95	207.88	185.36	149.84	168.59	206.97	211.10	161.05	162.40
Sweden (46)	414.66	1.0	368.86	299.25	334.98	418.99	0.5	2.03	410.39	365.98	295.83	332.86	416.69	416.67	295.31	299.45
Switzerland (37)	236.89	0.5	210.55	170.82	191.21	195.96	0.2	1.51	235.55	210.06	169.80	191.05	195.57	254.34	219.29	230.77
Thailand (45)	96.75	–4.8	86.07	69.82	78.16	96.19	–4.9	3.57	101.78	90.77	73.37	82.55	101.13	193.95	96.75	167.54
United Kingdom (213)	273.00	0.9	242.85	197.02	220.54	242.85	0.7	3.92	270.44	241.17	194.95	219.35	241.17	273.93	223.84	223.84
USA (623)	304.55	0.4	270.91	219.79	246.03	304.55	0.4	1.97	303.34	270.51	218.67	246.03	303.34	307.82	243.34	247.03
Americas (793)	278.29	0.4	247.55	200.84	224.82	234.14	0.4	1.96	277.21	247.21	199.83	224.84	233.23	281.50	222.53	225.20
Europe (720)	233.21	1.2	207.45	168.30	188.40	201.62	0.8	2.88	230.51	205.56	166.17	186.96	199.98	234.56	195.45	195.45
Nordic (137)	354.40	1.1	315.25	255.76	286.30	312.53	0.7	2.00	350.42	312.49	252.60	284.22	310.35	355.51	264.60	264.60
Pacific Basin (873)	150.08	0.6	133.50	108.31	121.24	109.21	0.7	1.29	149.16	133.02	107.52	120.98	108.46	177.01	149.16	163.81
Euro–Pacific (1593)	184.64	0.9	164.24	133.25	149.16	144.07	0.8	2.13	182.97	163.17	131.90	148.41	142.98	191.51	176.40	176.88
North America (738)	297.50	0.4	264.64	214.70	240.33	296.74	0.4	1.97	296.32	264.25	213.61	240.34	295.57	301.15	237.55	240.82
Europe Ex. UK (507)	207.11	1.3	184.23	149.46	167.31	176.35	0.9	2.27	204.44	182.31	147.37	165.82	174.79	209.70	175.78	175.78
Pacific Ex. Japan (393)	309.17	1.4	275.02	223.13	249.77	266.75	1.3	2.80	305.03	272.02	219.89	247.41	263.29	317.82	261.87	261.87
World Ex. US (1807)	186.74	0.9	166.11	134.76	150.85	149.40	0.7	2.12	185.11	165.08	133.44	150.14	148.29	193.47	177.71	177.88
World Ex. UK (2217)	219.23	0.6	195.02	158.22	177.11	189.02	0.6	1.84	217.86	194.28	157.05	176.70	187.94	224.89	196.49	198.49
World Ex. Japan (1950)	272.00	0.7	241.96	196.30	219.73	256.84	0.6	2.33	270.04	240.82	194.66	219.02	255.29	274.88	224.66	224.66
The World Index (2430)	223.83	0.7	199.11	161.53	180.82	193.95	0.6	2.05	222.36	198.29	160.29	180.35	192.81	228.97	198.91	198.91

Latest prices were unavailable for this edition.

هكذا من الاصل